

Self-evaluation Report

**Submitted to the
Sunset Advisory Committee
August 19, 2005**



OFFICE OF RURAL COMMUNITY AFFAIRS

The state agency dedicated solely to serving rural Texas.

Texas State Office of Rural Health

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Executive Summary

- House Bill 7 (77R) created the Office of Rural Community Affairs (agency) as a stand-alone, executive branch agency to ensure a continuing focus on rural issues, monitor governmental actions affecting rural Texas, research problems and recommend solutions, and to coordinate rural programs among state agencies.
- Since January 2002 (when the agency began operations), the agency has:
 - Created nearly 5,000 jobs in rural Texas through its Texas Capital Fund.
 - Awarded 1,232 grants (totaling \$345,550,998) to 692 rural communities and counties to assist those communities and counties with their community and economic development needs, thus benefiting 1,975,712 rural Texans. Of those rural Texans, 1,155,380 are persons of low to moderate income.
 - Awarded 87 grants (totaling \$23,527,694) to 73 rural communities and counties to assist those communities and counties with their disaster relief needs, thus benefiting 588,170 rural Texans. Of those rural Texans, 256,430 are persons of low to moderate income.
 - Awarded 192 grants (totaling \$61,053,164) to 135 rural communities and counties to provide first time water and wastewater service, thus benefiting 70,470 rural Texans. Of those rural Texans, 54,803 are persons of low to moderate income.
 - Awarded 1,145 grants (totaling \$18,349,643) to 572 rural communities and individuals to assist rural communities improve access to healthcare and improve healthcare facilities.
 - Awarded 172 grants (totaling \$8,332,736) to public and nonprofit hospitals through its Capital Improvement Loan Fund to improve the health services and healthcare infrastructure of Texas' rural communities by making capital improvements to existing facilities, constructing new health facilities, and purchasing capital equipment.
 - Awarded 388 grants (totaling \$127,771,317) to 167 communities, counties, and colonias along the Texas-Mexico Border to assist those communities, counties, and colonias in addressing community and economic development needs. As a result, 885,335 rural Texans along the Texas-Mexico border have benefited from the agency's assistance. Of those rural Texans along the Texas-Mexico border, 535,322 are persons of low to moderate income.
- The agency is the only source of state funds for disaster relief to repair public infrastructure. The agency has awarded 87 grants (totaling \$23,527,694) to 73 rural communities and counties to assist those communities and counties with their disaster relief needs, thus benefiting 588,170 rural Texans. Of those rural Texans, 256,430 are persons of low to moderate income. In 2005, to ensure that sufficient funds continue to be available for disaster relief projects above and beyond the annual disaster allocation of approximately \$3.3 million. In a FEMA declared disaster, the agency's disaster fund is the only state source of money for the 25 percent match required to access federal funds for public infrastructure assistance.
- Some community projects could not be fully funded with 2005 funds and required funding from 2006 as well to complete funding. Because the 2006 federal funds had not been received, community projects partially funded from 2005 funds and partially from 2006 funds faced delays. The agency's Executive Committee dedicated \$6.2 million from current deobligated funds and program income, so that these 2005/2006 funded community projects could proceed without delay.
- The agency's Executive Committee dedicated \$4.3 million for the Community Development Supplemental (CDS) Fund. The Executive Committee approved an increase of \$4.3 million for the Community Development Supplemental fund from deobligated funds and program income. The Executive Committee made this change to ensure that rural communities would not be immediately impacted by federal funding decreases (The \$4.3 million makes up for the decrease in the 2005 federal CDBG allocation).
- STEP projects use volunteer labor to complete water and sewer projects, thus greatly reducing community project costs and increasing the number of rural communities that obtain agency assistance. STEP projects are required to provide at least a 40 percent savings off of retail construction prices. In June 2005, the agency's Executive Committee dedicated an additional \$3.7 million to expand the cost-effective STEP Fund.
- The agency's Executive Committee dedicated \$1 million each for the Small Business Loan Fund and for the Microenterprise Loan Fund. The Executive Committee approved funding from program income for two new loan programs to further encourage small business development in rural areas.
- The agency's ability to designate Texas' smallest and most vulnerable rural hospitals as Critical Access Hospitals helps keep hospital doors open in rural Texas and allows nearly 70 rural hospitals to remain viable, in part through increased Medicare reimbursement.

**The Office of Rural Community Affairs
Self-Evaluation Report**

I. Agency Contact Information

Office of Rural Community Affairs Exhibit 1: Agency Contacts				
	Name	Address	Telephone & Fax Numbers	E-mail Address
Agency Head	Charles S. (Charlie) Stone	1700 N. Congress Avenue, Ste. 220, Austin, TX 78701	Tel: 936-6704 Fax: 936-6776	cstone@orca.state.tx.us
Agency's Sunset Liaison	Eric V. Beverly	1700 N. Congress Avenue, Ste. 220, Austin, TX 78701	Tel: 936-6728 Fax: 936-6776	ebeverly@orca.state.tx.us

II. Key Functions and Performance

A. Provide an overview of your agency's mission, objectives, and key functions.
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Agency Mission Statement

To assist rural Texans who seek to enhance their quality of life by facilitating, with integrity, the use of the resources of our state so that sustained economic growth will enrich the rural Texas experience for the benefit of all.

Agency Objective

To provide rural Texans with one central source for rural programs, services, and activities so that private, state, and federal resources are delivered efficiently and with best possible results for the state's rural residents.

Agency Key Functions

Current powers and duties are outlined in Section 487.051, Government Code, as follows:

1. Develop a rural policy for the state in consultation with local leaders representing all facets of rural community life, academic and industry experts, and state elected and appointed officials with interests in rural communities;
2. Work with other state agencies and officials to improve the results and the cost-effectiveness of state programs affecting rural communities through coordination of efforts;
3. Develop programs to improve the leadership capacity of rural community leaders;
4. Monitor developments that have a substantial effect on rural Texas communities, especially actions of state government, and compile an annual report describing and evaluating the condition of rural communities;
5. Administer the federal community development block grant nonentitlement program;
6. Administer programs supporting rural health care as provided by this chapter;
7. Perform research to determine the most beneficial and cost-effective ways to improve the welfare of rural communities;
8. Ensure that the office qualifies as the state's office of rural health for the purpose of receiving grants from the Office of Rural Health Policy of the United States Department of Health and Human Services under 42 U.S.C. Section 254r;
9. Manage the state's Medicare rural hospital flexibility program under 42 U.S.C. Section 1395i-4; and
10. Seek state and federal money available for economic development in rural areas for programs under this chapter.

B. Do each of your key functions continue to serve a clear and ongoing objective? Explain why each of these functions is still needed. What harm would come from no longer performing these functions?

Do each of your key functions continue to serve a clear and ongoing objective?

Yes. The agency's key functions continue to serve a clear and ongoing objective. All of the agency's key functions are designed to satisfy and work in concert with the agency's objective, which is to provide rural Texans with one central source for rural programs, services, and activities so that private, state, and federal resources are delivered efficiently and with best possible results for the state's rural residents.

Currently, the agency has 10 key functions, as follows:

1. Develop a rural policy for the state in consultation with local leaders representing all facets of rural community life, academic and industry experts, and state elected and appointed officials with interests in rural communities.

Examples of action taken:

- The agency held a series of public hearings in the summer of 2003 to solicit public input on developing rural policy;
- Based on public input, the agency developed and published a framework for the development of Texas' rural policy, Outline for Texas' Rural Policy, 2003;
- The agency's Executive Committee Chair formed an Executive Committee Subcommittee on Rural Policy in 2004;
- The agency held a Rural Policy Summit on February 3, 2005;
- The agency has conducted annual meetings with a wide variety of state agency heads to discuss rural issues; and
- The agency has developed and the legislature has formalized an interagency rural workgroup to allow agencies to work together on issues that face rural communities.

Why function is needed/what harm would come from no longer performing function

- Most activities of state and federal government are designed and administered along functional levels or in single sectors. A rural policy developed in broad-based partnership with those interested in rural communities can coordinate most effectively the single-sector functional efforts of government to better serve rural citizens and communities. The harm from no longer performing this function would be that rural Texans would have no centralized, cross-sector way to express their policy concerns. Further, the partnership among state agencies for policy development would not be continued and the opportunity for enhanced efficiency through coordinated policy development at the state level would be lost (See Section II, Question E for more information).

2. Work with other state agencies and officials to improve the results and the cost-effectiveness of state programs affecting rural communities through coordination of efforts.

Examples of action taken:

- The agency partnered with numerous state and private entities to implement Community Pilot Projects in several rural communities. These projects were designed to develop a process that assists rural communities in quickly identifying 4-5 priority issues, problems, and needs;
- The agency conducts annual meetings with a wide variety of state agency heads to discuss rural issues; and
- The agency has developed and the legislature has formalized an interagency rural workgroup to allow agencies to work together on issues that face rural communities.
- The agency partnered with the U.S. Army Corps of Engineers in a collaborative effort that brought \$100,000 of new funding to Texas, in order to:
 - Educate local leaders, citizens, regional representatives, and policy makers about local, regional, and state water issues; and
 - Develop local leaders' and citizens' leadership skills related to the spectrum of issues and considerations in the water arena.

Why function is needed/what harm would come from no longer performing function

- The actions of local, state, and federal agencies and officials can be further coordinated to promote efficiency of government, alleviate potential duplicative or contradictory government activities, and maximize results for taxpayers. The harm from no longer performing this function would be that duplicative or contradictory activities continue thus leading to inefficient use of tax dollars.

3. Develop programs to improve the leadership capacity of rural community leaders.

Examples of action taken:

- After establishment of operations in 2002, the agency administered a state program through its Outreach and Training Services Unit to provide information, advice, and training to officials of communities of less than 10,000 people. This unit was not funded by the 78th Legislature.
- The agency hosted a leadership development meeting with more than 30 invited regional and statewide leadership organizations;
- The agency provided web-based access to leadership training information;
- The agency developed a Leadership Program Inventory; and
- The agency assessed a need for and implemented training for the boards of trustees of Critical Access Hospitals to encourage continuing education for board members and to assist trustees in the governance of a critical access hospital.
- The agency, in coordination with the U.S. Army Corps of Engineers, offered training specifically suited to meet the needs of local rural leaders on water-related issues in the state of Texas – an innovative approach to managing your water utility – customized to meet the needs of rural communities.

Why function is needed/what harm would come from no longer performing function

Local leaders are key to a community's capacity to act, and to its long-term success. Failure to provide leadership training to officials of communities of less than 10,000 people has exposed those local officials to increased opportunities for making mistakes, violating state statutes, and being less effective leaders for their communities. State and federal programs work well only when local leaders are equipped with appropriate skills and information, and when they are organized to pursue goals. In the presence of such local leadership, state funds and programs are highly leveraged and produce tremendous results. In their absence, state dollars are inefficient at best and at worst, wasted.

Since funding for the agency's Outreach and Training Services Unit was eliminated, the need for assistance has continued—particularly with leadership training, training related to the general operation of government, and issues related to emergency services districts.

4. Monitor developments that have a substantial effect on rural Texas communities, especially actions of state government, and compile an annual report describing and evaluating the condition of rural communities.**Examples of action taken:**

- *The Status of Rural Texas* reports (2002, 2003, 2004) have examined conditions in rural Texas, identified issues facing rural communities, and recommended solutions. In July 2005, the American Library Association's Government Documents Round Table selected *The Status of Rural Texas, 2003*, as a Notable Document.
- *The 2004 Community Telecommunications Alliance Program Report* identified new broadband technologies and provided a summary of events and issues relating to the availability (or lack thereof) of telecommunications and information services in rural areas.

Why function is needed/what harm would come from no longer performing function

The actions of state government can greatly impact the viability of rural communities and should be monitored. Generally, rural economies are narrower than urban economies. Many jobs in rural communities come from educational institutions, public hospitals and healthcare institutions, and state and local units of government. Other job sectors such as agriculture, forestry, energy, and mining come from extraction of natural resources. These natural resource industries can be more economically unstable, function on tighter margins, and are increasingly involved in global competition and subject to changing international market forces.

It is important to annually evaluate conditions in rural Texas to gain a better understanding of the short-term and long-term impacts of policies and economic conditions. The harm from no longer performing this function would be that emerging economic and policy issues may not be addressed as quickly, resulting in increased costs to taxpayers down the road.

5. Administer the federal Community Development Block Grant nonentitlement program.

Examples of action taken:

Since January 2002, the agency has:

- Created or retained nearly 5,000 jobs in rural Texas through its Texas Capital Fund.
- Awarded 1,232 grants (totaling \$345,550,998) to 692 rural communities and counties to assist those communities and counties with their community and economic development needs, thus benefiting 1,975,712 rural Texans. Of those rural Texans, 1,155,380 are persons of low to moderate income.
- Awarded 87 grants (totaling \$23,527,694) to 73 rural communities and counties to assist those communities and counties with their disaster relief needs, thus benefiting 588,170 rural Texans. Of those rural Texans, 256,430 are persons of low to moderate income.
- Awarded 192 grants (totaling \$61,053,164) to 135 rural communities and counties to provide first time water and wastewater service, thus benefiting 70,470 rural Texans. Of those rural Texans, 54,803 are persons of low to moderate income.
- Awarded 388 grants (totaling \$127,771,317) to 167 communities, counties, and colonias along the Texas-Mexico Border to assist those communities, counties, and colonias in addressing community and economic development needs. As a result, 885,335 rural Texans along the Texas-Mexico border have benefited from the agency's assistance. Of those rural Texans along the Texas-Mexico border, 535,322 are persons of low to moderate income.

Why function is needed/what harm would come from no longer performing function

This program is vital to the welfare of our rural communities for job creation and community development. Many water systems in rural Texas have exceeded their designed life and are in need of repair to protect the health and safety of residents. Estimates for replacing these aging systems easily run into the billions of dollars. The harm from no longer performing this function would be crumbling infrastructure, public health risks relating to poor sewage and water treatment, and fewer jobs for rural Texas.

In addition, aging infrastructure coupled with new federal regulations place a heavy and harmful burden on many rural communities. The investments of this program provide needed upgrades and help to ensure that communities are well positioned for population growth and new employers.

6. Administer programs supporting rural health care.

Examples of action taken:

Since January 2002, the agency has:

- Awarded 1,145 grants (totaling \$18,349,643) to 572 rural communities and individuals to assist rural communities improve access to healthcare and improve healthcare facilities.
- Awarded 172 grants (totaling \$8,332,736) to public and nonprofit hospitals through its Capital Improvement Loan Fund to improve the health services and healthcare infrastructure of Texas' rural communities by making capital improvements to existing facilities, constructing new health facilities, and purchasing capital equipment.

Why function is needed/what harm would come from no longer performing function

Progress has been made in improving access to healthcare in rural areas, but continued investment will be necessary to ensure that healthcare facilities and healthcare professionals are able to meet the healthcare needs of rural Texans.

The harm from no longer performing this function would be decreased access to healthcare for rural Texans and for urban and suburban Texans with unexpected healthcare needs as they pass through or vacation in rural Texas. Additional harm would be struggling or failing hospitals. Instead of access to world-class healthcare, rural Texans would be faced with closed hospital doors, fewer job opportunities, and lower quality of life.

Additionally, without adequate healthcare access, economic development is greatly limited—new businesses, new families, and new jobs are difficult to attract. Finally, healthcare jobs are jobs that contribute greatly to the rural economy—healthcare institutions are often one of the largest local employers. Without these healthcare jobs, local economies become narrower and less stable over time.

7. Perform research to determine the most beneficial and cost-effective ways to improve the welfare of rural communities.

Examples of action taken:

- *The Status of Rural Texas* reports (2002, 2003, 2004) have examined conditions in rural Texas, identified issues facing rural communities, and recommended solutions to improve the welfare of rural communities.
- In 2003, the agency, in partnership with the Bush School of Government and Public Service at Texas A&M University, designed a Community Viability Index to allow communities to measure their viability using an index of ten key community indicators, which have been identified as being critical to community survivability. This process allows communities to identify areas for improvement and serves to focus local efforts to achieve key community objectives and improve community welfare.
- *The 2004 Community Telecommunications Alliance Program* Report identified new broadband technologies and provided a summary of events and issues relating to the availability (or lack thereof) of telecommunications and information services in rural areas.
- *The Rural Health Work Plan* is created with input from state and community leaders, rural healthcare providers and administrators, university and association representatives, and individuals representing various facets of rural life. In developing the first plan in 2003, the agency convened a series of workgroups to address rural healthcare issues. Input and recommendations from these workgroups served as the basis for the plan. In 2003, the agency hosted eight public hearings to promote open discussion and input regarding the work plan. The current work plan reflects continued public input and discusses current rural health-related issues, data, and recommendations. The work plan identifies several key issues and trends affecting health and human services delivery in rural communities.

Why function is needed/what harm would come from no longer performing function

Research conducted by the agency identifies new strategies, techniques, and technologies designed to provide local leaders with beneficial, cost-effective methods to improve the viability of Texas' rural communities. Without this research, state and federal resources will not be used to maximum effect and rural communities will not be apprised of new efficient and effective methods for addressing community issues.

8. Ensure that the office qualifies as the state's office of rural health for the purpose of receiving grants from the Office of Rural Health Policy of the United States Department of Health and Human Services.

Examples of action taken:

The agency has ensured that the agency qualifies as the state's office of rural health through timely submission of its grant application.

Why function is needed/what harm would come from no longer performing function

The agency's status as state office of rural health provides Texas with access to federal funding and resources that support improvements in healthcare accessibility and delivery in rural areas of the state. This designation is vital to the welfare of our rural communities that will be harmed if needed healthcare funding is not available.

9. Manage the state's Medicare rural hospital flexibility program.

Examples of action taken:

The agency has managed the state's Medicare Rural Hospital Flexibility Program (flex program) and undertaken activities to benefit rural communities by increasing access to healthcare.

Why function is needed/what harm would come from no longer performing function

Under the flex program, small rural hospitals receive assistance to improve access to equitable and high-quality services across the continuum of care. The flex program provides opportunities for rural hospitals to keep their doors open and serve their patients. The harm from no longer performing this function would be struggling or failing hospitals. Instead of access to world-class healthcare, rural Texans would be faced with closed hospital doors and fewer job opportunities.

10. Seek state and federal money available for economic development in rural areas.

Examples of action taken:

- In 2003, the agency researched innovative methods for encouraging entrepreneurship in rural communities; organized meetings and published articles in the agency's quarterly publication, *The Rural Texan*, to increase awareness of entrepreneurship methods, including the Sirolli Institute's Enterprise Facilitation Method; and worked with rural communities seeking to expand entrepreneurial activities.
- In 2004, the agency entered into a two-year interagency agreement with the Comptroller of Public Accounts, State Energy Conservation Office (SECO), to educate communities and individuals in rural areas of the state about renewable energy, which is playing and will continue to play an important role in rural economic development.
- The agency provides notice in the *The Rural Texan* of select state, federal, and private funding opportunities for rural communities, including funding for economic development.
- In 2005, the agency is establishing three new economic development funds to expand the agency's job creation efforts in rural communities, as follows:
 - Microenterprise Fund;
 - Small Business Fund; and the
 - Section 108 Loan Guarantee Pilot Program.
- The authority of the Texas Rural Foundation was modified in 2003 (SB446, 78R) to permit the foundation to seek resources for community and economic development in rural areas. The agency's Executive Committee appointed the initial board of directors in 2005.

Why function is needed/what harm would come from no longer performing function

Because state and federal funding streams, sources, and programs relating to rural economic development change, this function ensures that the office applies for funding and coordinates programs and services to better serve rural communities. The harm from no longer performing this function would be decreased economic development and fewer jobs in rural Texas.

C. What evidence can your agency provide to show your overall effectiveness and efficiency in meeting your objectives?

Agency keeps administrative costs low, maximizes direct benefit to rural Texans

The agency has held its operating costs at 5 percent of total budget ensuring that 95 cents of every dollar appropriated to the agency directly benefits Rural Texans.

Key performance measures that show the agency’s efficiency and effectiveness

Agency Outcomes for FY2004 As reported to the LBB	2004 Target	2004 Actual	Percent of Annual Target
Percent of population (state-wide) benefiting from projects	33%	37%	112%
Number of new contracts awarded annually	316	278	88%*
Number of persons benefiting from new contracts	375,000	377,005	101%
Number of on-site technical assistance visits conducted	563	545	97%
Number of monitoring visits conducted	300	307	102%
Number of primary care practitioners recruited to rural communities	72	70	97%
Number of grants and/or low-interest loans awarded	35	46	131%

* Award of Housing Infrastructure Funds, Colonia Funds, and Texas STEP funds occurred after August 31, 2004, affecting the program outcome measure.

Highlights of agency effectiveness and efficiency by division

Community Development Division

The Community Development Division administers its programs in a manner consistent with the U.S. Department of Housing and Urban Development’s (HUD) directives, ensuring that the state directed and HUD approved percentage of CDBG dollars are used for administrative purposes and the appropriate percentage of dollars are awarded to eligible units of general local government according to the TCDP Action Plan, which is developed with public participation. The Action Plan is prepared annually and defines the method of distribution of funds and funding categories, as well as other program information (for more information on the Action Plan, see Section 7, Question F).

Readiness to proceed requirements speed up expenditure of funds to benefit for rural Texans

The agency instituted, beginning with its 2004 Action Plan, readiness to proceed requirements to ensure that Community Development Division funding is used in an effective and timely manner and to speed project completion so that rural Texans begin to receive benefit from the agency’s actions more quickly. This innovative change is designed to ensure that agency funds are expended more quickly to satisfy U.S. Department of Housing and Urban Development requirements.

Creating and retaining nearly 5,000 jobs in rural Texas

The agency has created or retained nearly 5,000 jobs in rural Texas through its Texas Capital Fund since January 2002 (when the agency began operations).

Partnering with nearly 700 rural communities to address community and economic development goals

Since January 2002, the agency has awarded 1,232 grants (totaling \$345,550,998) to 692 rural communities and counties to assist those communities and counties with their community and economic development needs, thus benefiting 1,975,712 rural Texans. Of those rural Texans, 1,155,380 are persons of low to moderate income.

Assisting rural families and communities in times of need with disaster assistance

Since January 2002, the agency has awarded 87 grants (totaling \$23,527,694) to 73 rural communities and counties to assist those communities and counties with their disaster relief needs, thus benefiting 588,170 rural Texans. Of those rural Texans, 256,430 are persons of low to moderate income.

First time water and wastewater assistance to rural Texas families

Since January 2002, the agency has awarded 192 grants (totaling \$61,053,164) to 135 rural communities and counties to provide first time water and wastewater service, thus benefiting 70,470 rural Texans. Of those rural Texans, 54,803 are persons of low to moderate income.

Improving colonia conditions and assisting rural Texans along the Texas-Mexico border

Since January 2002, the agency has awarded 388 grants (totaling \$127,771,317) to 167 communities, counties, and colonias along the Texas-Mexico Border to assist those communities, counties, and colonias in addressing community and economic development needs. As a result, 885,335 rural Texans along the Texas-Mexico border have benefited from the agency's assistance. Of those rural Texans along the Texas-Mexico border, 535,322 are persons of low to moderate income.

Rural Health Division

In support of the agency's mission and consistent with its legislative mandate, the Rural Health Division performs a number of activities that accomplish its objectives to increase access to healthcare in rural areas and improve rural health infrastructure and systems.

Competing successfully for federal funding to improve healthcare for rural Texans

One of the best indicators of the Rural Health Division's effectiveness is evident in the division's demonstrated ability to compete for federal funding. The Rural Health Division competed for and received over \$2,020,822 million in federal funds (34% of the total Rural Health appropriation) in FY 2004.

Keeping hospital doors open in rural Texas

The agency's ability to designate Texas' smallest and most vulnerable rural hospitals as Critical Access Hospitals allows nearly 70 rural hospitals to remain viable, in part through increased Medicare reimbursement.

The agency's actions help rural Texans to keep hospital doors open, provide job opportunities, and improve their quality of life. Additionally, economic development is enhanced—new businesses and new families moving into a rural community want access to healthcare. Healthcare jobs, and the jobs created because of availability of healthcare, help to create local economies that are broader and more stable over time.

Improving rural healthcare facilities

Since January 2002, the agency has awarded 172 grants (totaling \$8,332,736) to public and nonprofit hospitals through its Capital Improvement Loan Fund to improve the health services and healthcare infrastructure of Texas' rural communities by making capital improvements to existing facilities, constructing new health facilities, and purchasing capital equipment.

Awarding grants to improve healthcare access and quality of life in rural communities

Since January 2002, the agency has awarded 1,145 grants (totaling \$18,349,643) to 572 rural communities and individuals to assist rural communities improve access to healthcare and improve healthcare facilities.

Finance Division improves internal procedures to find additional resources for rural Texas

In August 2004, the Finance Division completed the 2002 appropriation year closeout process and prepared for the deployment of the agency's new MIP financial system. At that time, the agency's Finance Division identified funds that had not been transferred to the agency from the legacy agencies when this agency came into existence in 2002. In addition, the Finance Division discovered program funds in prior year accounts that had not been utilized. These funds have been put to use for rural Texans, as follows:

\$907,614 in prior year Rural Health Facility Capital Improvement Funds

Prior year Capital Improvement Funds were not transferred to the agency by the Department of Health in 2002. The Finance Division worked with the agency's Appropriation Control Officer at the State Comptroller's Office and Department of Health financial staff to transfer these funds to the agency's accounts. The additional Capital Improvement Funds were added to the FY 2005 Operating Budget and additional grants were awarded to hospitals.

\$74,000 in prior year Rural Communities Health Care Investment Program Funds

Prior year Health Care Investment Program Funds had not been identified and remained available to the agency. The additional Rural Communities Health Care Investment Program Funds were added to the FY 2004 Operating Budget and additional grants were awarded to health care professionals.

\$266,000 in prior year Outstanding Rural Scholar Funds

Prior year Outstanding Rural Scholar Funds had not been identified and remained available to the agency. The additional Outstanding Rural Scholar Funds were added to the FY 2004 Operating Budget and additional grants were awarded to health care professionals located in rural communities and medical students agreeing to locate their practice in a rural community once they graduate from medical school.

\$125,567 in prior year Community Development Block Grant Funds

Although Community Development Block Grant appropriation authority was transferred to the agency, the cash to fund the Community Development Block Grant appropriation was not transferred to the agency by the Department of Housing and Community Affairs. The Finance Division worked with the agency's Appropriation Control Officer at the State Comptroller's Office and Department of Housing and Community Affairs financial staff to transfer this cash to the agency's accounts.

The deployment of the agency's new MIP Financial System on September 1, 2004, and the necessary re-engineering of financial business processes resulted in the establishment of financial processes necessary to validate the agency's account balances. Reconciliation processes, previously non-existent, were developed by the agency to ensure that the agency's federal line-of-credit system (IDIS), the agency's internal contract management system (Oracle), and the agency's new MIP financial system were reconciled. While implementing the reconciliation processes, the Finance Division identified prior year Community Development Block Grant Program and Administrative Funds that had not been identified as available funds, as follows:

\$3,818,837 in prior year Community Development Block Grant Program Funds

These prior year Community Development Block Grant Funds consisted of \$2,006,837 in Community Development Block Grant program income from 2000 - 2005; \$900,000 in Community Development Block Grant funds from deobligated program income contracts; \$850,000 in Community Development Block Grant funds from duplicated contracts; and \$62,000 in Community Development Block Grant funds.

\$1,238,486 in prior year Community Development Block Grant Administrative Funds

These prior year Community Development Block Grant Administrative Funds were not used in fiscal years 1999 - 2002 and are available for current use by the agency.

Agency's Executive Committee addresses emerging rural needs

To address emerging rural needs, the agency's Executive Committee has prioritized funding use as additional funding has been identified by the agency's Finance Division and through targeted use of deobligated and program income funding, as follows:

Dedicated \$6.5 million for disaster relief

The agency is the only source of state funds for disaster relief to repair public infrastructure. The agency has awarded 87 grants (totaling \$23,527,694) to 73 rural communities and counties to assist those communities and counties with their disaster relief needs, thus benefiting 588,170 rural Texans. Of those rural Texans, 256,430 are persons of low to moderate income. In 2005, to ensure that sufficient funds continue to be available for disaster relief, the agency's Executive Committee dedicated \$6.5 million from deobligated and program income for disaster relief projects above and beyond the annual disaster allocation of approximately \$3.3 million. In a FEMA declared disaster, the agency's disaster fund is the only state source of money for the 25 percent match required to access federal funds for public infrastructure assistance.

Helped communities start projects ahead of schedule

Some community projects could not be fully funded with 2005 funds and required funding from 2006 as well to complete funding. Because the 2006 federal funds had not been received, community projects partially funded from 2006 funds and partially from 2005 funds faced delays. The agency's Executive Committee dedicated \$6.2 million from current deobligated funds and program income, so that these 2005/2006 funded community projects could proceed without delay.

Ensured funding for rural community projects despite decreased federal funding

The agency's Executive Committee dedicated \$4.3 million for the Community Development Supplemental (CDS) Fund. The Executive Committee approved an increase of \$4.3 million for the Community Development Supplemental fund from deobligated funds and program income. The Executive Committee made this change to ensure that rural communities would not be immediately impacted by federal funding decreases (The \$4.3 million makes up for the decrease in the 2005 federal CDBG allocation)

Increased funding for the cost-efficient, volunteer-driven STEP program

In June 2005, the agency's Executive Committee dedicated an additional \$3.7 million for the STEP Fund, which uses volunteer labor to complete water and sewer projects, thus greatly reducing community project costs and increasing the number of rural communities that obtain agency assistance. STEP projects are required to provide at least a 40 percent savings off of retail construction prices.

Further encouraging small business development in rural areas

The agency's Executive Committee dedicated \$1 million each for the Small Business Loan Fund and for the Microenterprise Loan Fund. The Executive Committee approved funding from program income for two new loan programs to further encourage small business development in rural areas.

D. Does your agency's enabling law continue to correctly reflect your mission, objectives, and approach to performing your functions? Have you recommended changes to the Legislature in the past to improve your agency's operations? If so, explain. Were the changes adopted?

Does your agency's enabling law continue to correctly reflect your mission, objectives, and approach to performing your functions?

Yes. The agency's enabling law continues to correctly reflect the agency's mission, objectives, and approach to performing its functions.

Have you recommended changes to the Legislature in the past to improve your agency's operations? If so, explain.

Yes. The following recommendations have been made to the legislature to improve agency operations:

Proposed changes to rural healthcare programs

The Office of Rural Community Affairs' enabling legislation, HB 7, required that "not later than December 1, 2002, the Office of Rural Community Affairs shall: (1) evaluate the rural health programs under its jurisdiction and propose changes, including statutory changes, to combine, streamline, or coordinate the programs to improve their flexibility and efficiency, and (2) report to the presiding officer of each house of the legislature any proposed statutory changes."

During the 78th Texas Regular Session, HB 2632, authored by Representative Warren Chisum, was designed to satisfy the requirements placed upon the agency by the 77th Legislature. HB 2632 did not become law. In part, the bill standardized definitions relating to the agency's rural healthcare programs to facilitate program administration.

Proposed formalization of interagency workgroup on rural issues

HB 7 also required an annual meeting of agency heads to discuss rural issues. In the 78th Regular Session, HB 649, authored by Representative James L. "Jim" Keffer, included additional agencies to the list of those required to attend the annual meeting of state agency heads and clarified the purpose of the annual meeting. HB 649 also formalized an interagency working group on rural issues, as recommended to the legislature in *The Status of Rural Texas, 2002*. The workgroup is designed to allow agencies to work together on rural issues, discuss and coordinate programs and services offered to rural communities and residents, and develop regulatory and legislative recommendations that would eliminate duplication and combine program services. The 78th Texas Regular Session adopted HB 649.

E. Do any of your agency's functions overlap or duplicate those of another state or federal agency? Explain if, and why, each of your key functions is most appropriately placed within your agency. How do you ensure against duplication with other related agencies?

The agency's functions compliment but do not overlap or duplicate the functions of other agencies.

Why each of the agency's key functions is most appropriately placed within the agency	
Key function	Why function is appropriately placed within the agency
1. Develop a rural policy for the state in consultation with local leaders representing all facets of rural community life, academic and industry experts, and state elected and appointed officials with interests in rural communities	The state's decision to create the Office of Rural Community Affairs as the focal agency for rural programs and services necessitates that rural policy development for the state also be conducted by the agency. This function is appropriately placed within the agency because the combination of programs and policy creation position the agency to most efficiently and effectively serve rural Texas' communities.
2. Work with other state agencies and officials to improve the results and the cost-effectiveness of state programs affecting rural communities through coordination of efforts	Given limited local, state, and federal resources, it is responsible to partner with state agencies and officials to achieve maximum results for rural Texans. This function is appropriately placed within the agency because the agency's focus is to better serve rural communities.
3. Develop programs to improve the leadership capacity of rural community leaders	Leadership is the key to current and future successes for Texas' rural communities. This function is appropriately placed within the agency because without effective leaders in rural communities state and federal resources will not be used to maximum effect.
4. Monitor developments that have a substantial effect on rural Texas communities, especially actions of state government, and compile an annual report describing and evaluating the condition of rural communities	This function is appropriately placed within the agency because of the agency's focus on service to rural communities. This function provides decision makers with important data and trends that can be used to focus the state's response to the challenges facing rural Texans.
5. Administer the federal Community Development Block Grant nonentitlement program	This function is appropriately placed within the agency because of the areas of eligibility for the program. The program is federally designed to address the community and economic development needs of small rural communities and counties.
6. Administer programs supporting rural health care as provided by this chapter	This function is appropriately placed within the agency because healthcare is a key, yet often underappreciated factor in community and economic development. Lack of access to healthcare is a barrier to community and economic development—without access to healthcare, potential residents and businesses may decide to locate elsewhere. The agency's hands-on approach and familiarity with rural residents facilitates access to needed services and programs.
7. Perform research to determine the most beneficial and cost-effective ways to improve the welfare of rural communities	This function is appropriately placed within the agency because of the agency's focus of better serving rural communities, the agency's data collection and analysis, and the agency's ability to develop rural policy. The agency has statutory authority to partner with other state agencies to benefit, in a cost-effective manner, rural communities.
8. Ensure that the office qualifies as the state's office of rural health for the purpose of receiving grants from the Office of Rural Health Policy of the United States Department of Health and Human Services under 42 U.S.C. Section 254r	This function is appropriately placed within the agency because healthcare is a key, yet often underappreciated factor in community and economic development. Without access to healthcare, potential residents and businesses may decide to locate elsewhere.
9. Manage the state's Medicare rural hospital flexibility program under 42 U.S.C. Section 1395i-4	This function is appropriately placed within the agency because healthcare is a key, yet often underappreciated factor in community and economic development. Without access to healthcare, potential residents and businesses may decide to locate elsewhere.
10. Seek state and federal money available for economic development in rural areas for programs under this chapter	This function is appropriately placed within the agency because state and federal funding streams, sources, and programs related to rural economic development change over time. Placement of this function in the agency ensures that new programs and services designed to benefit rural communities can be coordinated with existing programs and services in a synergistic manner.

How do you ensure against duplication with other related agencies?

The agency partners with other agencies and entities to enhance coordination of existing state and federal resources for the benefit of rural communities. Three key examples of agency actions designed to reduce duplication of government services follow:

- The agency partnered with numerous state and private entities to implement Community Pilot Projects in several rural communities so that government resources could be leveraged and coordinated. These projects were designed to develop a process that assists rural communities in quickly identifying 4-5 priority issues, problems, and needs.
- The agency has developed and the legislature has formalized an interagency rural workgroup to allow agencies to work together on issues that face rural communities. The interagency work group was created to:
 - develop a process to allow agencies to work together on issues that face rural communities;
 - discuss and coordinate programs and services offered to rural communities and residents of rural communities; and
 - develop regulatory and legislative recommendations that would eliminate duplication and combine program services.
- At least once each year, the following agency heads or their designees meet in Austin to discuss rural issues and to provide information showing the impact each agency has on rural communities for use in developing rural policy and compiling the annual *Status of Rural Texas* report:
 - the commissioner of agriculture
 - the executive director of the Public Utility Commission of Texas
 - the director of the Texas Agricultural Extension Service
 - the presiding officer of the Telecommunications Infrastructure Fund Board
 - the executive director of the Texas Department of Housing and Community Affairs
 - the commissioner of the Department of State Health Services
 - the executive administrator of the Texas Water Development Board
 - the executive director of the Parks and Wildlife Department
 - the commissioner of higher education
 - the comptroller
 - the executive director of the Texas Department of Transportation
 - the executive director of the Texas Commission on Environmental Quality
 - the executive director of the Texas Economic Development and Tourism Office
 - the commissioner of insurance
 - the commissioner of the Department of Aging and Disability Services
 - the commissioner of education
 - the executive commissioner of the Health and Human Services Commission
 - the executive director of the Texas Workforce Commission
 - the executive director of the Texas Historical Commission
 - a member of the Railroad Commission of Texas
 - the executive director of the State Soil and Water Conservation Board
 - the executive director of the Office of Rural Community Affairs
 - the head of any other agency interested in rural issues
 - a representative from the entity that provides mediation services to the state under 7 U.S.C. Section 5102 as designated by the governor

F. In general, how do other states carry out similar functions?

Among all states, Texas has implemented the most comprehensive approach to addressing rural issues. The Office of Rural Community Affairs is the largest rural affairs office in the country, which is fitting given Texas' large rural population. Currently, the population of rural Texas exceeds the population of 22 individual states and is greater than the combined populations of Alaska, North Dakota, Vermont, Wyoming, and the District of Columbia. The Texas Legislature has taken the lead in realizing the importance of a coordinated approach to addressing rural challenges. The table below reveals how other states carry out similar, if less encompassing, functions.

State	PA	NC	IL	LA	MD	MN	TX	UT
Date created	1987	1987	1987/89	1990	1994	1997	2001	2004
How created	Statute	Incorporated	Gov. Order	Statute	Gov/ Statute	Statute	Statute	Statute
Institutional Home	Legislature	Private Nonprofit	University	Gov. Office	State Agency	Private Nonprofit	Gov. Office	Gov. Office
Annual operations budget 3 yr-avg. in \$1000's	425	7,200	1,200	500	230	650	5,000	500
Annual grants and pass-throughs 3yr-avg. in \$1000's	600	73,900	2,000	7,500	250	0	85,000	300
FTE employees	6	42	32	6.5	2.5	3.5	70	5
Governing body includes:								
Gov/Lt. Gov	PA		IL	LA	MD		TX	UT
Legislature	PA	NC			MD	MN	TX	UT
State agencies								
<i>Agriculture</i>		NC			MD	MN		UT
<i>Commerce/Economic Dev.</i>		NC			MD			
<i>Community Affairs</i>								UT
<i>Natural Resources</i>					MD			UT
<i>Other</i>					Health			Plan-Budget
<i>Other</i>								Education
Land grant university	PA				MD			UT
Other educational institutions	PA	NC				MN		UT
Philanthropic NGOs		NC				MN		
Agriculture organizations	PA	NC			MD	MN		
Other nonprofit NGOs		NC			MD	MN		UT
Perform studies in-house?	PA	NC	IL			MN	TX	
Fund or sponsor outside studies?	PA	NC	IL		MD	MN	TX	UT
Information database on rural areas in state?	PA	NC	IL	LA	MD	MN	TX	
Publish studies?	PA	NC	IL			MN	TX	UT
Conduct or sponsor surveys?	PA	NC	IL	LA	MD	MN	TX	UT
Publish newsletter?	PA	NC	IL		MD	MN	TX	UT
Convene meetings of individuals/organizations?								
Statewide	PA	NC	IL	LA	MD	MN	TX	UT
Multi-county	PA	NC	IL		MD		TX	UT
Community	PA	NC	IL				TX	UT
Focus groups	PA	NC	IL	LA			TX	UT
Develop/contribute to rural policy?	PA	NC	IL	LA	MD	MN	TX	UT
Recommendations in writing to Gov. or Legislature?	PA	NC	IL	LA	MD	MN	TX	UT

G. What key obstacles impair your agency's ability to achieve its objectives?

Although key rural-focused community development and healthcare programs were placed in the agency during the agency's creation, many rural-related programs and services remain scattered throughout state government. Greater coordination of effort should be made through placement of these programs in the agency so that rural communities have increased "one-stop shop" access to programs and services.

Important (but unfortunately unfunded) mandates such as the Community Telecommunications Alliance Program, the formerly funded Outreach and Training Services Unit, and Emergency Services District support legislation, highlight the agency's position and mission as the state's focal rural agency. However, a lack of funding to implement these programs and responsibilities decreases the agency's ability to fully achieve its mission and fulfill its objectives and can result in dissatisfaction among rural Texans seeking assistance.

H. Discuss any changes that could impact your agency's key functions in the future e.g., changes in federal law or outstanding court cases.

None.

I. What are your agency's biggest opportunities for improvement in the future?

Opportunities for rural Texas

Because the Office of Rural Community Affairs was created to assure a continuing focus on rural issues, monitor governmental actions affecting rural Texas, research problems and recommend solutions, and to coordinate rural programs among state agencies, it is appropriate to identify areas of opportunity for rural Texas, as follows:

- Enhanced job creation, particularly for small businesses;
- Improved availability of broadband telecommunications in all rural areas;
- Leadership development for elected and non-elected officials to maximize available resources;
- Healthcare infrastructure improvement to meet growing needs;
- Recruitment and retention of healthcare professionals to provide world-class medical care;
- Coordination of local, private, state, and federal resources to better serve rural Texans;
- Ensuring funding for communities facing disasters, particularly road and bridge repair;
- Fragmentation of farmland; and
- Stewardship of water resources for the benefit of all Texans.

Continuing to improve the agency's effectiveness and efficiency to better serve rural Texans by:

- Consolidating and coordinating rural programs throughout state government under the Office of Rural Community Affairs to achieve greater efficiency, effectiveness, and coordination of effort for the benefit of rural Texas.

Additional opportunities:

- Securing additional funding for rural economic development to expand the office's ability to support job creation and retention in rural communities;
- Developing the Texas Rural Foundation's capabilities to maximize private funding resources for the benefit of rural Texans;
- Streamlining application processes and increasing electronic interaction with rural Texans seeking office services; and
- Increasing the availability of office documents in Spanish.

J. In the following chart, provide information regarding your agency's key performance measures included in your appropriations bill pattern, including outcome, input, efficiency, and explanatory measures.

Agency Outcomes for FY2004 As reported to the LBB	2004 Target	2004 Actual	Percent of Annual Target
Percent of population (state-wide) benefiting from projects	33%	37%	112%
Number of new contracts awarded annually	316	278	88%*
Number of persons benefiting from new contracts	375,000	377,005	101%
Number of on-site technical assistance visits conducted	563	545	97%
Number of monitoring visits conducted	300	307	102%
Number of primary care practitioners recruited to rural communities	72	70	97%
Number of grants and/or low-interest loans awarded	35	46	131%

From the General Appropriations Act

For the Year Ending

August 31, 2004

A. Goal: COMMUNITY ECONOMIC DEVELOPMENT

Better Texas communities by supporting community/economic development projects.

Outcome (Results/Impact):

Percent of the Small Communities' Population Benefitting from Public Facility, Economic Development, Housing Assistance and Planning Projects

33%

A.1.1. Strategy: PROVIDE GRANTS

\$ 90,082,777

Provide grants for community and economic development projects.

Output (Volume):

Number of New Community/Economic Development Contracts Awarded 316 316

Number of Projected Beneficiaries from New

Community/Economic Development Contracts Awarded 375,000

Number of Onsite Technical Assistance Visits Conducted 563

Number of Programmatic Monitoring Visits Conducted 300

A.1.2. Strategy: PROVIDE ASSISTANCE TO COLONIAS \$ 100,000

Provide technical assistance to colonias through field offices.

Total, Goal A: COMMUNITY ECONOMIC DEVELOPMENT \$ 90,182,777

B. Goal: EQUITABLE ACCESS TO MEDICAL CARE

Promote equitable access to medical care and eliminate disparities.

Outcome (Results/Impact):

Ratio of Primary Care Practitioners to Population in Rural Counties

150*

B.1.1. Strategy: PRIMARY CARE ACCESS PROGRAMS \$ 2,233,901

Develop programs to increase access to primary health care in rural areas.

Output (Volume):

Number of Primary Care Practitioners Recruited to Rural Communities

72

B.2.1. Strategy: HEALTH FACILITY CAPITAL IMPROVEMENT

\$ 2,190,000

Rural health facility capital improvements.

Output (Volume):

Number of Low Interest Loans and/or Grants Awarded

35

Total, Goal B: EQUITABLE ACCESS TO MEDICAL CARE \$ 4,423,901

C. Goal: INDIRECT ADMINISTRATION

C.1.1. Strategy: CENTRAL ADMINISTRATION \$ 311,366

C.1.2. Strategy: INFORMATION RESOURCES \$ 51,910

*This should be 1,500:1

III. History and Major Events

Establishment of agency and timeline of agency's history and key events

2001

- House Bill 7 creates the Office of Rural Community Affairs (77R) (09/01/01).

2002

- The agency begins administrative operations by completing the transition of programs and staff from the Center for Rural Health Initiatives and the Texas Department of Housing and Community Affairs (01/01/02).
- The agency Executive Committee meets with representatives of 20 state agencies in Austin to discuss programs and services available to rural Texans (04/16/02).
- The agency joins a team of 32 federal, state, and local agencies on the “response team,” coordinated by the Texas Department of Public Safety’s Division of Emergency Management, to assess the need for relief assistance (07/02/02).
- The agency held public hearings across the state to solicit input from rural Texans for the development of a rural policy for the state and for the *Status of Rural Texas* report.
- The agency submits to the legislature the *Outline for Texas’ Rural Policy, 2003*, and *The Status of Rural Texas, 2002*.
- The agency develops a Directory of State Agency Programs and Services to assist individuals and organizations in locating information on state programs that might be useful in supporting their communities (10/09/02).

2003

- The agency’s Executive Committee begins work to establish the Rural Texas Foundation, as mandated by Senate Bill 115 (77R), to raise money from foundations, governmental entities, and other sources to finance health programs in rural areas of the state.
- Senate Bill 446 (78R) modifies Senate Bill 115 (77R) to allow the Rural Texas Foundation to raise money for community and economic development programs in addition to raising money for health programs (9/01/03).
- The agency partners with Capstone Students at the George Bush School of Government and Public Service to design a Community Viability Index to measure the present viability and future survivability of rural communities in Texas through a community-based scoring process.
- The agency submits Partnership Request for Texas to serve as pilot state for projects involving the collaboration of Critical Access Hospitals (CAHs) and Federally Qualified Health Centers (FQHCs). Nineteen states submitted Partnership Requests. Five states were selected as pilot states: Texas, Arkansas, Idaho, New Hampshire, and Louisiana.
- The agency partners with the U.S. Army Corps of Engineers to educate local leaders, citizens, regional representatives, and policy makers about local, regional, and state water issues and to develop local leaders’ and citizens’ leadership skills related to the spectrum of issues and considerations in the water arena. This collaborative effort brought \$100,000 of new funding to Texas.
- The agency hosts first-ever All-Rural Texas Summit in Austin (02/19-20/03).
- The agency Executive Committee meets with the governing board of the Texas Department of Housing and Community Affairs in Austin to discuss the coordination and administration of the state’s Low Income Housing Tax Credit Program. The two governing boards discuss the threshold, scoring, underwriting criteria and rules for the highly competitive tax credit program (05/05/03).
- Due to state budget shortfall and agency funding reduction (House Bill 1, 78R, General Appropriations Act), the agency dissolves its Outreach and Training Services Division and lays off five employees. The Division had provided valuable assistance to rural Texas communities, typically those with populations

less than 10,000, and to their community leaders and administrators. The Outreach and Training Services Division had helped leaders and administrators to become more effective at providing essential public services and resolving local administrative, financial, social, environmental, and technology issues (08/31/03).

- Due to state budget shortfall and agency funding reduction (House Bill 1, 78R, General Appropriations Act), the legislature cuts funding for the physician assistant loan reimbursement program.
- Interagency Work Group meets in Austin: 19 state agencies are represented at the agency's annual meeting with state officials (10/04/03).
- The agency submits to the legislature *The Status of Rural Texas, 2003*.
- East Texas Technical Assistance Center opens in Nacogdoches (Nacogdoches County) (12/18/03).

2004

- The agency hosts a water training workshop in Brownwood (Brown County). The workshop educates local Texas leaders on the many facets of managing and operating public water utilities in the State of Texas (07/07/04).
- Second Annual All-Rural Texas Summit is held in New Braunfels (Comal County) (04/27-28/04).
- Interagency Work Group meets in Austin—20 state agencies are represented at the agency's annual meeting with state officials (09/30/04).
- The agency enters into a two-year interagency agreement with the Comptroller of Public Accounts, State Energy Conservation Office (SECO) to educate communities and individuals in rural areas of the state about renewable energy. The agreement with SECO provides funding for one-half of a full-time employee (FTE); the other half FTE is funded by the agency for rural economic development assistance. The new staff person began on August 1, 2004.
- The agency's Executive Committee forms the Subcommittee on Rural Policy, which holds meetings in April, June, and September. The September meeting is conducted in concert with other state agencies and focuses on the critical areas of rural economic development, healthcare, and natural resources.
- The agency submits to the legislature *The Status of Rural Texas, 2004*.
- The agency receives from the U.S. Department of Housing and Urban Affairs an award for accomplishments in addressing the needs of colonia residents along the U.S.-Mexico border (09/04).
- The agency begins partnership with the Governor's Office State Grants Team to offer multiple grant proposal writing training workshops throughout the state.

2005

- The agency receives \$170,000 grant from the U.S. Environmental Protection Agency to improve drinking water security through the use of training and technical assistance.
- The agency opens the South Texas Technical Assistance Center in Alice (Jim Wells County) (01/21/05).
- The agency's Status of Rural Texas Report, 2003, earns distinction as an American Library Association Government Documents Round Table "Notable Document of 2004."
- The legislature restores funding for the physician assistant loan reimbursement program.
- The agency participates in the Rural Alliance for Renewable Energy's (RARE) Development Forum and Expo on (4/29-30/05).
- The agency hosts the Rural Policy Symposium and invites individuals and rural stakeholders from across the state to engage in a discussion on rural policy (2/02/05).
- The agency hosts the Critical Access Hospital conference (Dallas County) (4/12-13/05).
- The agency's West Texas Technical Assistance Center moves from Lubbock to Levelland (Hockley County) (04/22/05).
- The agency introduces two new economic development loan programs for small businesses (6/24/05).

Changes to your policymaking body's name or composition

There have been no changes to the name of the agency's policymaking body—the Executive Committee. The composition of the nine-member Executive Committee has changed due to the expiration of certain terms, as follows:

<u>Member name</u>	<u>Dates of service</u>
William M. Jeter, III, <i>Chair</i>	2001 – Present
Carol Harrell, <i>Vice Chair</i>	2001 – Present
Michael Cooper Waters, <i>Secretary</i>	2001 – Present
David Richey Alders	2001 – Present
Nicki Harle	2004 – Present
Wallace Klussmann	2001 – Present
Jim Roberts	2001 – 2005
Lydia Rangel Saenz	2001 – Present
Kent Sharp	2001 – 2004
Ike Sugg	2005 – Present
Patrick Wallace	2001 – Present

Original purpose and responsibilities of your agency

The agency's original enabling legislation called for the agency to:

- develop a rural policy for the state in consultation with local leaders representing all facets of rural community life, academic and industry experts, and state elected and appointed officials with interests in rural communities;
- work with other state agencies and officials to improve the results and the cost-effectiveness of state programs affecting rural communities through coordination of efforts;
- develop programs to improve the leadership capacity of rural community leaders;
- monitor developments that have a substantial effect on rural Texas communities, especially actions of state government, and compile an annual report describing and evaluating the condition of rural communities;
- administer the federal community development block grant nonentitlement program;
- administer programs supporting rural health care as provided by Subchapters D-H;
- perform research to determine the most beneficial and cost-effective ways to improve the welfare of rural communities;
- ensure that the office qualifies as the state's office of rural health for the purpose of receiving grants from the Office of Rural Health Policy of the United States Department of Health and Human Services under 42 U.S.C. Section 254r; and
- manage the state's Medicare rural hospital flexibility program under 42 U.S.C. Section 1395i-4.

Significant state/federal litigation that specifically affects your agency's operations

None.

Key changes in your agency's organization (e.g., a major reorganization of the agency's divisions or program areas).

The agency began a major reorganization in January 2004. The reorganization is intended to increase the agency's overall effectiveness and efficiency by aligning staff with program areas and consolidating support functions. In December 2004, the Executive Committee employed a new Executive Director. Since that time, the reorganization process has included ongoing revisions to increase productivity and responsiveness in the agency's program administration and service to its constituents, to improve employee morale, and to refine internal checks and balances.

Major changes in responsibilities or statutory authority and significant changes in state/federal legislation, mandates, or funding**78th legislative session****HB 1877 by Hardcastle**

Requires the agency to create a program to provide affordable relief services to rural physicians practicing in the fields of general family medicine, general internal medicine, and general pediatrics to facilitate the ability of those physicians to take time away from their practice.

SB 446 by Madla

Expands the purpose of the Rural Texas Foundation associated with the agency to include raising money for community and economic development programs.

HB 649 by Keffer, Jim

Creates an interagency work group to develop a process to allow agencies to work together on issues that face rural communities, to coordinate services offered to rural communities and their residents, and to develop regulatory and legislative recommendations to eliminate duplication.

HB 3325 by Keffer, Jim

Creates the Community Telecommunications Alliance Program to assist local communities in rural, remote, and economically depressed areas in the creation and development of community telecommunications alliances, including alliances established to pursue rural economic development or innovative rural school health technology projects, and to assist alliances in applying for grants.

HB 1108 by Lewis

Requires the agency to establish an internet-based system to receive and display certain information from emergency services districts.

Major change in state funding

In its powers and duties, the agency is required "to develop programs to improve the leadership capacity of rural community leaders." After establishment of operations in 2002, the agency administered a state program providing information, advice and training to officials of communities of less than 10,000 people.

The strategy for this program (Train local officials), which was funded at \$310,274 in 2002 and at \$309,566 in 2003 in the General Appropriations Act for 2002-2003, was not continued in the General Appropriations Act for 2004-2005. This has diminished the capacity of the agency to meet its statutory requirement "to develop programs to improve the leadership capacity of rural community leaders."

Major changes in responsibilities or statutory authority and significant changes in state/federal legislation, mandates, or funding

79th legislative session

HB 775 by Gonzales, Veronica

Requires the agency to adopt a rule requiring a political subdivision that receives community development block grant program money targeted toward street improvement projects to allocate a percentage of those funds under the guidelines of the bill.

HB 916 by Woolley

Requires the agency to participate in the Texas Health Workforce Planning Partnership, which is a standing subcommittee of the newly created Texas Health Care Policy Council.

HB 925 by Chavez

Creates an interagency work group on border issues to improve coordination of government programs and services offered in the border area.

HB 1126 by Uresti

Requires DSHS to compile, organize, and release health outcome data collected under Chapters 104 and 191 of the Health and Safety Code according to specified geographic areas. DSHS would be required to consult with stakeholders to define rural and urban areas. The agency is listed as a stakeholder.

HB 1747 by Keffer, Jim

Creates the Texas Entrepreneurship Network (TEN) and establishes that the agency is a member of TEN.

HB 2619 by Hegar

Establishes an Emergency Services District Program to be administered by the Office of Rural Community Affairs.

SB 827 by Zaffirini

Require the colonias ombudsman, Office of Rural Community Affairs, the Texas Water Development Board, the Texas Department of Housing and Community Affairs, the Department of State Health Services, and the Texas Transportation Commission to report information to the Secretary of State for a classification system.

SB 1202 by Lucio

Relating to the coordination of colonia initiatives and services to colonia residents. Expands the list of agencies involved with colonia initiatives and requires the colonia initiatives coordinator to work with those agencies involved in colonia projects, including the agency.

SB 1686 by Estes

Adds as a member of the interagency work group on rural issues the individual who handles mediations for the United States Department of Agriculture in Texas.

IV. Policymaking Structure

A. Complete the following chart providing information on your policymaking body members.

The following members were serving on the agency's Executive Committee as of August 31, 2004.

Office of Rural Community Affairs <i>Exhibit 3: Policymaking Body</i>			
Member Name	Term/ Appointment Dates/ Appointed by (e.g., Governor, Lt. Governor, Speaker)	Qualification (e.g., public member, industry representative)	City/County
William M. Jeter, III, <i>Chair</i>	09/2000 – 02/01/07 Speaker Laney	Public member	Bryan/Brazos
Carol Harrell, <i>Vice Chair</i>	09/2000 – 02/01/07 Lt. Governor Ratliff	Public member	Jefferson/Marion
Michael Cooper Waters, <i>Secretary</i>	09/2000 – 02/01/11 Governor Perry	Public member	Abilene/Taylor
David Richey Alders	09/2000 – 02/01/09 Lt. Governor Dewhurst	Public member	Nacogdoches/Nacogdoches
Nicki Harle	02/01/03 - 02/01/09 Speaker Craddick	Public member	Baird/Callahan
Wallace Klussmann	09/2000 – 02/01/07 Governor Perry	Public member	Fredericksburg/Gillespie and Llano
Jim Roberts	09/2000 – 02/01/05 Speaker Laney	Public member	Lubbock/Lubbock
Lydia Rangel Saenz	09/2000 – 02/01/09 Governor Perry	Public member	Carrizo Springs/Dimmit
Patrick Wallace	09/2000 – 02/01/05 Lt. Governor Ratliff	Public member	Athens/Henderson

B. Describe the primary role and responsibilities of your policymaking body.

The primary role of the agency's nine-member Executive Committee is to guide the development of the agency, and define its policy and philosophy. The Executive Committee sets overall agency policies; selects the Executive Director and delegates authority to the Executive Director; provides long-range direction to the agency; and approves the agency's budget.

C. How is the chair selected?

The chair of the agency's Executive Committee is selected by vote of the nine-member committee.

D. List any special circumstances or unique features about your policymaking body or its responsibilities.

The members of the Executive Committee bring their diverse rural experiences and perspectives to the agency's policymaking body, providing the comprehensive knowledge of rural issues needed to guide the agency. The governor, the lieutenant governor, and the speaker of the house of representatives each appoint three members, at least two of which are chosen for their strong understanding of and commitment to rural interests as indicated by their personal history, including residency, occupation, and business or civic activities.

E. In general, how often does your policymaking body meet? How many times did it meet in FY 2004? in FY 2005?

The agency's Executive Committee meets the first Thursday and Friday of every other month. Meeting locations alternate between Austin and a rural community.

In FY2004, the Executive Committee met six times, and is slated to meet a total of seven times in FY2005.

FY2004

<u>Date</u>	<u>City</u>	<u>County</u>
Oct 2-3, 2003	Austin	Travis
Dec 4-5, 2003	Kountze	Hardin
Feb 5-6, 2004	Austin	Travis
Apr 1-2, 2004	Kerrville	Kerr
Jun 1-2, 2004	Austin	Travis
Aug 5-6, 2004	Alpine	Brewster

FY 2005

<u>Date</u>	<u>City</u>	<u>County</u>
Sep 30-Oct 1, 2004	Austin	Travis
Dec 2-3, 2004	Rio Grande City	Starr
Feb 3, 2005	Austin	Travis
Mar 31 – Apr 1, 2005	Athens	Henderson
Jun 2-3, 2005	Austin	Travis
Aug 4-5, 2005	Columbus	Colorado
Aug 15, 2005 (special called)	Austin	Travis
Sept 29, 2005	Austin	Travis
Dec 1-2, 2005	Brady	McCulloch

F. What type of training do members of your agency's policymaking body receive?

New Executive Committee members are provided with a high-level, half-day orientation, as well as briefings as requested. Prior to serving, Executive Committee members receive training in the following areas: 1) enabling statute of the Executive Committee; 2) agency programs and services; 3) Executive Committee rules; 4) role and functions of the Executive Committee and the divisions of the agency; 5) agency budget; 6) agency audit; 7) requirements of open meetings, open records, and administrative procedure laws; 8) requirements of other applicable laws and policies relating to public officials, including conflict of interest laws and ethics policies; and 9) travel reimbursement.

G. Does your agency have policies that describe the respective roles of the policymaking body and agency staff in running the agency? If so, describe these policies.

Yes. As proposed, 10 TAC §§250.001-250.014, describe the respective roles of the Executive Committee and the staff in running the agency.

Section 250.001 Executive Director

(a) The Executive Committee, as defined in Chapter 487 of the Government Code, shall employ an Executive Director who will serve at the will of the Executive Committee.

(b) The Executive Director shall be the administrator of the agency and shall employ the staff necessary to conduct the activities of the agency.

(c) The Executive Director shall also be responsible for the operation of the agency in accordance with Executive Committee policy, state and federal law, and duties established by the Executive Committee.

(d) The Executive Director is empowered to make preliminary interpretations of the Act or of these sections, except that any interpretation by the Executive Director shall not be binding upon the Executive Committee.

(e) The Executive Director may appoint advisory committees from outside the agency staff to advise the staff, as the Executive Director may deem necessary.

Section 250.002 Staff

(a) The Executive Director shall employ such staff as is authorized and necessary for the conduct of agency affairs. Applicants for employment with the office shall be notified that:

(1) No employee in a bona fide executive, administrative or professional capacity, as that phrase is used for purposes of establishing an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938 and any subsequent amendments, of the office may be related within the second degree of affinity or within the second degree of consanguinity to a person who is an officer, employee, or paid consultant of a Texas trade association in the field of rural affairs, or

(2) The applicant may not be employed by the Office if the person's spouse is an officer, manager or paid consultant of a Texas trade association in the field of rural affairs, or

(3) The applicant may not be employed by the office if the person is required to register as a lobbyist under Chapter 305 of the Texas Government Code.

(b) Each employee shall be hired without regard to race, color, handicap, sex, religion, age, or national origin.

Section 250.003 Presiding Officer

Members of the Executive Committee shall annually elect a presiding officer from among the members of the Executive Committee. The presiding officer shall, when present, conduct all Executive Committee meetings. The presiding officer shall appoint such committees as authorized under section 250.009 of this title (relating to committees) and may delegate the signing of official documents. The presiding officer may sign orders on behalf of the Executive Committee after the Executive Committee has approved adoption of the order. The presiding officer shall sign the certified agenda required pursuant to section 551.104 of the Open Meetings Act. The presiding officer shall serve as the official spokesman of the Executive Committee and shall have such other responsibilities as assigned and such other authority as conferred by the Executive Committee.

Section 250.004 Assistant Presiding Officer

Members of the Executive Committee shall annually elect an assistant presiding officer from members of the Executive Committee. The assistant presiding officer, in the absence of the presiding officer, shall perform the duties of the presiding officer as specified in section 250.003 of this title (relating to presiding officer of the Executive Committee), and shall perform such other duties, as the Executive Committee shall designate.

Section 250.005 Secretary

(a) Members of the Executive Committee shall annually elect a secretary/treasurer from among the members of the Executive Committee.

(b) The secretary, in the absence of the presiding officer and assistant presiding officer, shall perform the duties of the presiding officer as specified in section 250.003 of this title and shall perform such other duties, as the Executive Committee shall designate.

(c) The secretary shall work with the Executive Director to assure the proper recording of minutes of the Executive Committee meetings and to assure that a copy of the minutes is transmitted to each Executive Committee member before each ensuing meeting and have charge of all records, proceedings and documents of the Executive Committee and maintain documentation of the legally required notices of each Executive Committee meeting.

Section 250.006 Vacancies in the Executive Committee

If for any reason a vacancy shall occur in the Executive Committee, the presiding officer shall provide a notice to the appointing authority for the position and ask for the appointment of a new member to fill the unexpired term. If the vacancy occurs in any of the officers of the Executive Committee, the Executive Committee shall elect from its own membership at the first regular or special meeting following the vacancy a new officer to serve for the balance of the unexpired term.

Section 250.007 Executive Committee Meetings

(a) Executive Committee meetings shall be open to the public. The presiding officer shall assure that proper notice of Executive Committee meetings is provided as required by law.

(b) Executive Committee meetings shall take place at the headquarters of the office or, if convenience of the public or the parties to a hearing will be better served, at such place as the Executive Committee may designate.

(c) Executive Committee meetings shall be held at least quarterly and written notice of at least 7 days shall be given to each member of the time and place of such meeting.

(d) Special meetings may be held upon the call of the presiding officer or upon call of a majority of the members of the Executive Committee after legally adequate notice.

(e) The Executive Director shall prepare and submit to each member of the Executive Committee prior to each meeting a copy of the proposed agenda, outlining the matters to be considered by the Executive Committee. Attached to the agenda may be documents supplementing the matters to be discussed. The presiding officer shall approve the agenda prior to its distribution to the Executive Committee members and its posting pursuant to the Open Meetings Act.

(f) Five members of the Executive Committee shall constitute a quorum.

(g) An individual member may not represent the Executive Committee by any statement or action except pursuant to the authority delegated to the individual member by the Executive Committee and recorded in the minutes of the Executive Committee.

(h) Drafts of the minutes of each Executive Committee meeting will be forwarded to each Executive Committee member for their review prior to their consideration for adoption at an Executive Committee meeting.

(i) The minutes of the Executive Committee shall be kept in the office of the Executive Director and available to the public to examine or to copy upon reimbursing the office for the cost to reproduce.

(j) No proxies, members authorized to act on behalf of another, at any Executive Committee meeting is permitted.

(k) All documents submitted to and created by the Executive Committee are subject to the provisions of the Public Information Act, Chapter 552 of the Government Code.

Section 250.008 Order of Business

(a) The Executive Director, working with the presiding officer, shall prepare a written agenda for each Executive Committee meeting and arrange to have a copy of the agenda distributed to each Executive Committee member.

(b) Any Executive Committee member may place an item on the Executive Committee's agenda by written request to the presiding officer at least 10 days before the next Executive Committee meeting.

(c) Conduct of Executive Committee meetings shall be guided by Robert's Rules of Order, except that no Executive Committee action shall be invalidated by reason of failure to comply with those rules.

(d) Any person may request an appearance before the Executive Committee for the purpose of making a presentation on a matter on the agenda as posted in the Texas Register, provided that at least 3 days' prior to the posted meeting a written request to appear is made to the Executive Director who shall forward the request to the

presiding officer; however, the presiding officer may waive the 3-day notice requirement if such action would best serve the public interest. The presiding officer may deny a request to appear based on time constraints or other reasons, which, in the presiding officer's opinion, warrant such denial. When practicable, the presiding officer shall set a specific date and time to appear, and a time limit may be imposed. The person requesting the appearance should state in writing in reasonable detail the request to be made of the Executive Committee.

(e) The Executive Committee will set aside a time on its agenda for the receipt of public comment on any matter within the jurisdiction of the agency. The Presiding Officer may limit the time for each commenter to speak and exclude repetitious comments and comments not within the jurisdiction of the agency.

Section 250.009 Committees

(a) Appointments to subcommittees shall be considered annually by the Executive Committee's presiding officer to assist in carrying out the functions of the office under the provisions of the office's enabling legislation. Subcommittee appointments shall be made by the presiding officer for a term of one year but may be terminated at any point by the presiding officer. Subcommittee members may be re-appointed at the discretion of the presiding officer. The office's presiding officer shall be an ex officio member of each subcommittee. All committees shall comply with the requirements of the Open Meetings Act, Chapter 551 of the Government Code.

(b) The actions of the subcommittees are recommendations only and are not binding until consideration and action by the Executive Committee at a regularly scheduled meeting.

(c) Subcommittee meetings shall be held at the call of the subcommittee chair, and another member serving on the subcommittee shall make, in the absence of the chair, a report to the Executive Committee at its next regularly scheduled meeting.

(d) If for any reason a vacancy occurs on a subcommittee, the Executive Committee's presiding officer may appoint a replacement in accordance with subsection (a) of this section.

(e) An internal audit standing subcommittees shall be created.

(1) The office's internal audit subcommittee shall be comprised of at least two Executive Committee members, one of whom shall serve as chair.

(2) The subcommittee shall make recommendations to the Executive Committee regarding the hiring or appointment of the agency's internal auditor and the subject matter of the agency audit.

(3) The subcommittee shall make recommendations to the Executive Committee on how best to address any findings of the internal auditor.

(g) All advisory committees shall be created and function pursuant to the requirements of Chapter 2110 of the Government Code.

(h) All subcommittee members performing any duties utilizing office facilities and/or who have access to office records, shall conform and adhere to the office's personnel policies as described in its personnel manual, the Public Information Act, Chapter 552 of the Government Code and all other applicable laws of the State of Texas governing state employees.

Section 250.010 Independent contractors

The Executive Director may, from time to time, employ independent contractors, including investigators and auditors to perform services prescribed by the Executive Committee. The basis for compensation of independent contractors shall be stated in the contract of employment.

Section 250.011 Confidentiality

Members of the Executive Committee, the Executive Director, members of the office staff, and independent contractors retained by the Executive Committee shall not disclose any confidential information, which comes to their attention, except as may be required by law.

Section 250.12 Duties of the Executive Director

(a) The Executive Director serves at the will of the Executive Committee.

(b) The Executive Director may hire staff within the guidelines established by the Executive Committee.

(c) The Executive Director will report to the Executive Committee and keep it advised of the activities and responsibilities of the agency.

(d) The Executive Director will be responsible for the day-to-day operations of the agency.

Section 250.013 Invalid Portions

If any subcategory, section, subsection, sentence, clause, or phrase of these sections is for any reason held invalid, such decision shall not affect the validity of the remaining portions of these sections. The Executive Committee hereby declares that it would have adopted these subcategories, sections, subsections, sentences, clauses or phrases thereof irrespective of the fact that any one of more subcategories, sections, subsections, sentences, clauses or phrases be declared invalid.

Section 250.014 Actions Requiring Executive Committee Approval

(a) The following reports are subject to approval, adoption or ratification by the Executive Committee during a meeting of the Executive Committee conducted pursuant to applicable state law:

- (1) The Strategic Plan required by Chapter 2056 of the Government Code;
- (2) Pursuant to Section 106.026 of the Health and Safety Code, the biennial: report to the legislature regarding the activities of the office;
- (3) Pursuant to section 106.025 of the Health and Safety Code, the status of the permanent endowment fund for the rural communities health care investment program;
- (4) Pursuant to section 487.057 of the Government Code, the Rural Health Work Plan;
- (5) The legislative appropriation request to the Governor's Office of Budget 1 and Planning and the Legislative Budget Board;
- (6) Pursuant to section 18 of HB 7, 77th Regular Legislative Session, proposed legislative changes;
- (7) The annual Biennial Operating Plan, Budget and Financial Report; and
- (8) The Consolidated State Plan and One-Year Action Plan pursuant to 24 Code of Federal Regulations 570.485.

(b) Pursuant to Section 487.052, Government Code, the Executive Committee has the exclusive authority to adopt rules for the implementation of the statutory responsibilities of the office.

(c) The appointment or removal of the office's internal auditor is subject to the approval of the Executive Committee.

H. What information is regularly presented to your policymaking body to keep them informed of your agency's performance?

The agency's Executive Director provides weekly updates to Executive Committee members on agency programs, services, and activities.

I. How does your policymaking body obtain input from the public regarding issues under the jurisdiction of the agency? How is this input incorporated into the operations of your agency?

The agency's Executive Committee receives public input through bi-monthly public meetings held throughout the state, as well as through the agency's website, e-mail, fax and postal mail. Program related activities are posted to the Texas Register for public inspection and comment. All Executive Committee meetings are posted with the Secretary of State's office and open to the public. Each Executive Committee meeting features at least one opportunity for the public to comment. Input received from agency constituents is continually considered during the annual and long range planning processes and during consideration of any new proposed initiatives the agency may endeavor to undertake.

10 TAC §250.008 (Order of Business), as proposed, outlines, in part, the method by which the Executive Committee obtains input from the public regarding issues under the jurisdiction of the agency:

(d) Any person may request an appearance before the Executive Committee for the purpose of making a presentation on a matter on the agenda as posted in the Texas Register, provided that at least 3 days' prior to the posted meeting a written request to appear is made to the Executive Director who shall forward the request to the presiding officer; however, the presiding officer may waive the 3-day notice requirement if such action would best serve the public interest. The presiding officer may deny a request to appear based on time constraints or other reasons, which, in the presiding officer's opinion, warrant such denial. When practicable, the presiding officer shall set a specific date and time to appear, and a time limit may be imposed. The person requesting the appearance should state in writing in reasonable detail the request to be made of the Executive Committee.

(e) The Executive Committee will set aside a time on its agenda for the receipt of public comment on any matter within the jurisdiction of the agency. The Presiding Officer may limit the time for each commenter to speak and exclude repetitious comments and comments not within the jurisdiction of the agency.

10 TAC §250.015 (Public hearings), as proposed, outlines, in part, the method by which the Executive Committee obtains input from the public regarding issues under the jurisdiction of the agency:

(a) Public hearings may be conducted by the Executive Committee or by the Executive Director and office staff.

(b) At least one public hearing will be conducted annually to receive public comments from interested persons on the Consolidated Plan or One-Year Action Plan pursuant to 24 Code of Federal Regulations 580.085 and each odd numbered year on the Rural Health Work Plan pursuant to section 487.057 of the Government Code.

(c) Notice of the public hearings will be published in the Texas Register at least, seven days prior to the scheduled hearing date and mailed written notice will be provided to all interested persons providing a written request to the office to be: on a mailing list to receive notice of office public hearings and to any other persons the office believes to have an interest in the subject matter of the public, hearing.

(d) Persons intending to offer comments at the public hearing must register by providing their name, mailing address and the person or organization they are representing.

(e) In order to accommodate all persons intending to comment the presiding officer may restrict the comments to a reasonable time limitation.

(f) Persons with disabilities who plan to attend and/or comment and require reasonable accommodations to observe, access or participate in the proceeding shall make a request for a reasonable accommodation at least two working days prior to the meeting.

(g) A record will be made of the proceedings and therefore all persons presenting comments will be recognized by the presiding officer and must offer their comments from a podium with electronic amplification where available.

(h) The Executive Committee will provide interested persons the opportunity to provide comments during a public comment period in accordance with the Executive Committee's agenda and the provisions of these rules.

(h) Persons registered to comment will be recognized in an order to be determined by the presiding officer. The presiding officer may recognize the commenter's time limitations in assigning the order of appearance.

(i) Written statements in lieu of verbal comments may be submitted. It is preferred that written statements be included with verbal statements.

J. If your policymaking body uses subcommittees or advisory committees to carry out its duties, fill in the following chart.

Office of Rural Community Affairs Exhibit 4: Subcommittees and Advisory Committees			
Name of Subcommittee or Advisory Committee	Size/Composition/How are members appointed?	Purpose/Duties	Legal Basis for Committee
Advisory Task Force on Outreach	Three members appointed by the chair of the Executive Committee.	Reviews the agency's approach to educating rural constituents and disseminating information.	§487.055, Gov't Code
Regional Allocation Task Force	Five members appointed by the chair of the Executive Committee.	Reviews current CDBG allocation formula, including prioritization of CDBG projects eligible for funding.	§487.055, Gov't Code
Housing Task Force Subcommittee	Three members appointed by the chair of the Executive Committee.	Reviews, assesses and considers soft cost allocations associated with the agency's housing programs.	§487.055, Gov't Code
Rural Health Task Force	Three members appointed by the chair of the Executive Committee.	Reviews and discusses agency's rural health related activities.	§487.055, Gov't Code
Subcommittee on Rural Policy	Four members appointed by the chair of the Executive Committee.	Develops a rural policy for the State of Texas, which identifies and prioritizes rural issues.	§487.055, Gov't Code
Selection Committee for the Outstanding Rural Scholar Recognition and Loan Program for Rural Health Care	12 members appointed by the Executive Committee.	<p>Selects outstanding rural scholars through a statewide competition.</p> <p>Advises the Executive Committee on the progress of the program.</p> <p>Recommends to the executive committee guidelines for the awarding of forgivable loans to outstanding rural scholars.</p> <p>(A committee member is not entitled to reimbursement for expenses incurred in performing his or her duties.)</p>	§487.103, Gov't Code
Rural Physician Relief Advisory Committee	The committee is composed of seven members appointed by the Executive Committee: (1) a physician who practices general family medicine in a rural county; (2) a physician who practices general internal medicine in a rural county; (3) a physician who practices general pediatrics in a rural county; (4) a representative from an accredited Texas medical school; (5) a program director from an accredited primary care residency program; (6) a representative from the Texas Higher Education Coordinating Board; and (7) a representative from the Texas State Board of Medical Examiners.	Assists the agency in administering the program.	§ 487.608, Gov't Code

V. Funding

A. Provide a brief description of your agency's funding.

The agency is primarily a federal grant funded agency, with 93.9 percent of the agency's total funding coming from federal grant funds, 3.6 percent from general revenue, and 2.5 percent from general revenue-dedicated and other funds. The agency has continued its commitment to maximize available federal funds for grants and contracts for rural community development and rural health programs. The agency has also held its **operating costs at 5 percent** of total budget ensuring that **95 cents of every dollar appropriated to the agency directly benefits Rural Texans**.

In FY 2004, the agency's \$3.4 million (3.6 percent) in general revenue funds leveraged over \$90 million in federal funds for rural community programs in Texas. These programs fund basic infrastructure projects such as sanitary sewer systems, drainage and flood control projects, and road improvements. These programs fund drinking water, safe housing and disaster relief projects. The agency's programs provide grants and stipends to rural health care professionals to locate in rural communities. These programs provide grants to rural hospitals for capital improvements and to rural communities for the purchase of life-saving equipment, such as defibrillators.

The agency's current operations are organized into **three goals**:

- Goal A – Community Economic Development
- Goal B – Equitable Access to Medical Care
- Goal C – Indirect Administration

Within those three goals the agency has **six funded strategies**:

- Goal A, Strategy A.1.1 – Provide Grants
- Goal A, Strategy A.1.2 – Provide Assistance to Colonias
- Goal B, Strategy B.1.1 – Primary Care Access Programs
- Goal B, Strategy B.2.1 – Health Facility Capital Improvement
- Goal C, Strategy C.1.1 – Central Administration
- Goal C, Strategy C.1.2 – Information Resources

And the agency has **six methods-of-finance** to fund its operations and programs:

- General Revenue Fund
- GR Match for Community Development Block Grant
- Earned Federal Funds
- GR Dedicated – Permanent Fund Rural Health Facility Capital Improvement Account No. 5047
- Permanent Endowment Fund for Rural Communities Health Care Investment Program
- Federal Funds

B. List all riders that significantly impact your agency's budget.

The agency has several riders that impact agency operations:

- Rider 3 requires the agency to coordinate efforts with the Texas Water Development Board (TWDB) to ensure its Colonia Funds are used in a manner consistent with the TWDB Economically Distressed Areas Program.
- Rider 4 requires the agency to allocate up to 19 percent of federal administrative funds it receives for the councils of government to continue staff support to the 24 Regional Review Committees.
- Rider 5 requires the agency to set aside 10 percent of the Community Development Block Grant (CDBG) funds as a Colonia Set-Aside Program for eligible activities in providing for the housing, planning, and infrastructure needs in colonias. From this set-aside, \$2,000,000 must be reserved to provide financial assistance to units of local government located in economically distressed areas. In addition to the 10 percent Colonia Set-Aside Program, the agency must allocate another 2.5 percent of CDBG funds to support the operation of the Colonia Self-Help Centers which are administered by the Texas Department of Housing and Community Affairs.
- Rider 6 provides authority for distribution of investment returns collected for the Permanent Fund Rural Health Facility Capital Improvement Account and the Permanent Endowment Fund for Rural Communities Health Care Investment Program.
- Article IX, Sec. 11.51 provides an annual cap of \$2,407,970 in contingency appropriations for House Bill 1877, Seventy-eight Legislature, Regular Session, which established the Rural Physician Relief Program. This contingency appropriation is budget authority only, and does not represent actual amount collected.

C. Show your agency's expenditures by strategy.

Office of Rural Community Affairs Exhibit 5: Expenditures by Strategy C Fiscal Year 2004 (Actual)	
Goal/Strategy	Amount
Goal A, Strategy A.1.1 – Provide Grants	\$90,029,294
Goal A, Strategy A.1.2 – Provide Assistance to Colonias	\$100,000
Goal B, Strategy B.1.1 – Primary Care Access Programs	\$3,751,239
Goal B, Strategy B.2.1 – Health Facility Capital Improvement	\$2,190,000
Goal C, Strategy C.1.1 – Central Administration	\$154,262
Goal C, Strategy C.1.2 – Information Resources	\$54,071
GRAND TOTAL	\$96,278,866

D. Show your agency's objects of expense for each category of expense listed for your agency in the General Appropriations Act FY 2005-2006.

Office of Rural Community Affairs Exhibit 6: Objects of Expense by Program or Function C Fiscal Year 2005			
Object-of-Expense	Community Economic Development	Equitable Access to Medical Care	Indirect Administration
Salaries and Wages	\$2,421,792	\$835,520	\$286,750
Other Personnel Costs	\$78,500	\$51,500	\$5,560
Professional Fees and Services	\$885,775	\$2,528,218	\$43,025
Consumable Supplies	\$22,500	\$12,975	\$23,500
Utilities	\$24,250	\$13,575	\$8,050
Travel	\$105,750	\$58,500	\$19,500
Rent – Building	\$8,975	\$28,600	\$0
Rent – Machine and Other	\$10,500	\$35,500	\$20,278
Other Operating Expense	\$54,303	\$73,750	\$43,940
Grants	\$86,461,273	\$3,637,500	\$0
Client Services	\$0	\$915,000	\$0
Capital Expenditures	\$0	\$0	\$0
TOTAL	\$90,073,618	\$8,190,638	\$450,603

E. Show your agency's sources of revenue. Include all local, state, and federal appropriations, all professional and operating fees, and all other sources of revenue collected by the agency, including taxes and fines.

Office of Rural Community Affairs Exhibit 7: Sources of Revenue Fiscal Year 2004 (Actual)	
Source	Amount
General Revenue Fund	\$1,541,165
GR Match for Community Development Block Grant	\$1,767,329
Earned Federal Funds	\$128,276
GR Dedicated – Permanent Fund Rural Health Facility Capital Improvement Account No. 5047	\$2,250,000
Permanent Endowment Fund for Rural Communities Health Care Investment Program	\$187,418
Federal Funds	\$90,404,678
TOTAL	\$96,278,866

F. If you receive funds from multiple federal programs, show the types of federal funding sources.

Office of Rural Community Affairs Exhibit 8: Federal Funds for Fiscal Year 2004 (Actual)				
Type of Fund	State/Federal Match Ratio	State Share	Federal Share	Total Funding
Community Development Block Grant	Only administrative funds require match	\$1,767,329	\$88,383,856	\$90,151,185
Medicare Rural Hospital Flexibility Program	N/A	\$0	\$615,000	\$615,000
Federal Rural Access to Emergency Devices Grant Program	N/A	\$0	\$244,110	\$244,110
Small Rural Hospital Improvement Program	N/A	\$0	\$1,011,712	\$1,011,712
State Office of Rural Health Grant	75/25	\$450,000	\$150,000	\$600,000
TOTAL		\$2,217,329	\$90,404,678	\$92,662,007

G. If applicable, provide detailed information on fees collected by your agency.

Office of Rural Community Affairs Exhibit 9: Fee Revenue C Fiscal Year 2004				
Fee Description/ Program/ Statutory Citation	Current Fee/ Statutory maximum	Number of persons or entities paying fee	Fee Revenue	Where Fee Revenue is Deposited (e.g., General Revenue Fund)
Rural Physician Relief Program/ Section 487.601, Gov't. Code	\$2,407,970	0*	N/A	N/A

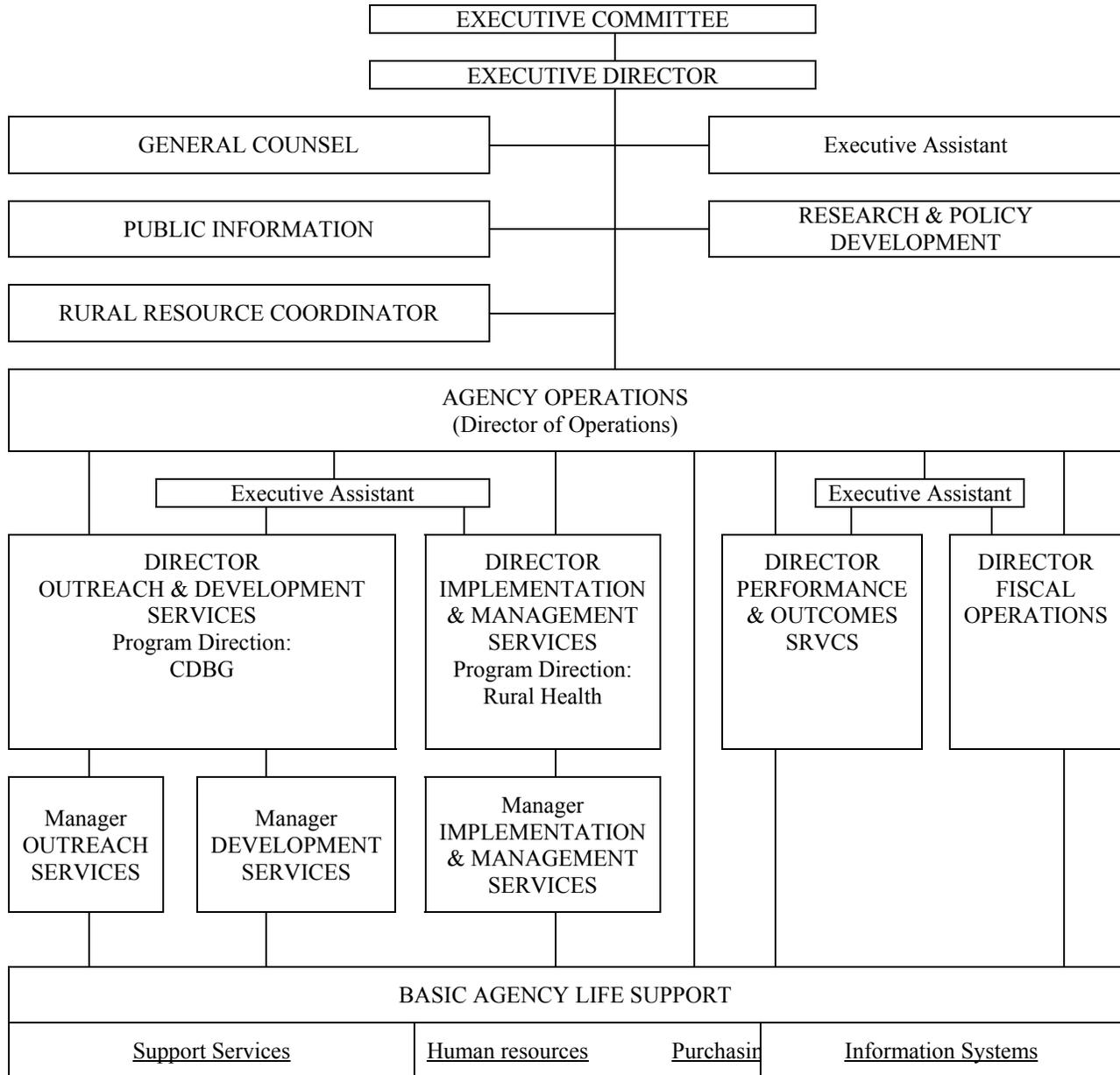
* The Rural Physician Relief Program was not administered in FY2004.

VI. Organization

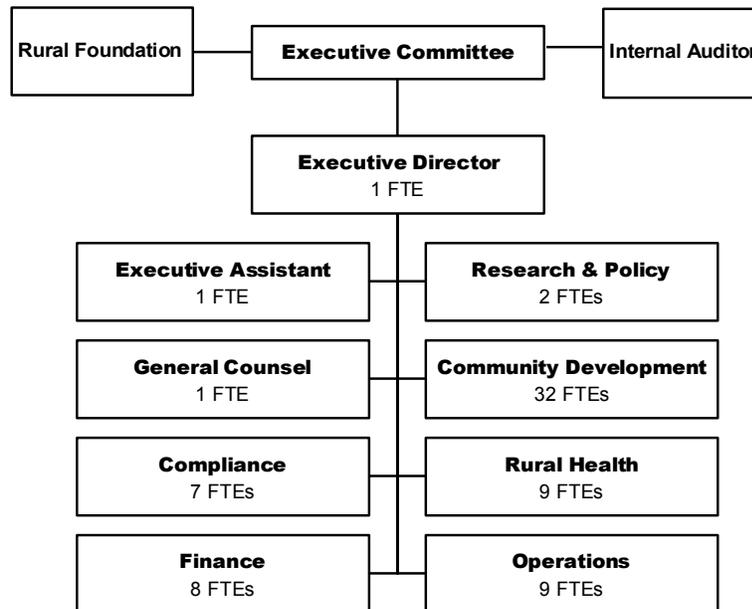
A. Provide an organizational chart that includes major programs and divisions, and shows the number of FTEs in each program or division.

OFFICE OF RURAL COMMUNITY AFFAIRS

Organizational Chart as of August 31, 2004



OFFICE OF RURAL COMMUNITY AFFAIRS
Organizational Chart as of August 1, 2005



B. If applicable, fill in the chart below listing field or regional offices.

Office of Rural Community Affairs Exhibit 10: FTEs by Location C Fiscal Year 2004			
Headquarters, Region, or Field Office	Location	Number of Budgeted FTEs, FY 2004	Number of Actual FTEs as of August 31, 2004
Headquarters	Austin	67	60
Field Office	Alice	1	1
Field Office	Levelland	1	1
Field Office	Nacogdoches	1	1
TOTAL		70	63

C. What are your agency's FTE caps for fiscal years 2004 - 2007?

Fiscal Year	FTE caps
FY 2004	70
FY 2005	70
FY 2006	70
FY 2007	70

D. How many temporary or contract employees did your agency have as of August 31, 2004?

None.

E. List each of your agency's key programs or functions, along with expenditures and FTEs by program.

**Office of Rural Community Affairs
Exhibit 11: List of Program FTEs and Expenditures C Fiscal Year 2004**

Program	FTEs as of August 31, 2004	Actual Expenditures
Community Development Division Community economic development	50	\$90,129,294
Rural Health Division Equitable access to medical care	16	\$5,941,239
Indirect administration	4	\$208,333
TOTAL	70	\$96,278,866

VII. Guide to Agency Programs

A. Guide to Agency Community Development Programs

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Texas Community Development Program
Location/Division	Office of Rural Community Affairs Community Development Division
Contact Name	Oralia Cardenas, Division Director
Actual Expenditures, FY 2004	Expenditures for Appropriation Year 2004 CDBG, \$90,129,294
Number of FTEs as of August 31, 2004	50

B. What is the objective of this program or function? Describe the major activities performed under this program.

What is the objective of this program or function?

The agency's Community Development Division objectives are:

- To improve public facilities to meet basic human needs, principally for low- to moderate-income persons.
- To improve housing conditions, principally for persons of low- and moderate-income.
- To expand economic opportunities by creating or retaining jobs, principally for low- to moderate-income persons.
- To provide assistance and public facilities to eliminate conditions hazardous to the public health and of an emergency nature.

Describe the major activities performed under this program.

- The Community Development Division administers the state's nonentitlement Community Development Block Grant (CDBG) program, known in Texas as the Texas Community Development Program (TCDP), which includes several funding categories. The division funds water and sewer improvements, job creation, economic development, community development, colonia improvements, and disaster relief projects.
- Texas receives the largest nonentitlement CDBG allocation in the nation, with an annual allocation of \$86,736,688 for program year 2004 (February 1, 2004-January 31, 2005).
- The state's fiscal year and the TCDP program year differ (Information is presented according to the state fiscal year September 1, 2003-August 31, 2004).
- In FY2004, the division received 875 applications.
- Over the course of the most recent biennial competitive cycle, the division received approximately 972 applications. The division uses a biennial competition for the Community Development Fund, which is the largest of the division's funding categories, to take applications in at one time for two years of funding. This method of application intake increases the division's effectiveness and efficiency.
- As of August 31, 2004, the division managed a contract portfolio of \$308,834,894.

Community Development Division activities completed during FY2004	
Key activities and results	
Value of community project contracts awarded, in dollars	\$78,235,393
Leverage created using TCDP dollars (match), in dollars	\$59,495,191
Agency funds matched by rural communities, percent	76%
Contract beneficiaries, number	377,005
Public hearings conducted, number	9
Monitoring visits conducted, number	307
Application workshops conducted, number	6
Implementation workshops conducted, number	3
Technical assistance visits, number	545
Other Program Results	
Community project applications received, number	875
Community project contracts awarded, number	278
Unmet need, in number of community projects received	597
Value of community project applications received, in dollars	\$208,814,776
Value of community project contracts awarded, in dollars	\$78,235,393
Unmet need, in dollars	\$130,579,383

The following is a list of the funding categories in place during fiscal year 2004, activities eligible under each funding category, and each category's funding cycle.

Community Development Division Activities FY04		
Fund Category	Major Activities FY04	Funding Cycle ¹
Community Development Fund	Provides funding primarily for water, sewer improvements.	Biennial ²
The Texas Capital Fund ³	Creates or retains jobs for primarily low to moderate-income persons.	Three times per year
Colonia Fund:		
Colonia Construction Fund	Provide funding primarily for water, sewer, and housing projects for border colonias.	Biennial
Colonia Economically Distressed Areas Fund	Provides funding for yard-lines, household hook-ups, and plumbing improvements associated with being connected to a TWDB EDAP ⁴ funded project.	As needed
Colonia Planning Fund	Provides funding for planning activities in colonias.	Annual
Colonia Self-help Centers Fund ³	Provides the 2.5% set-aside for administration of the Border Self-help Centers.	Annual (non-competitive)
Planning and Capacity Building Fund	Provides funding for community planning activities throughout the state.	Biennial
Disaster Relief/Urgent Need Fund	Provides funding for disaster relief. Brings affected areas to pre-disaster conditions.	As needed
Housing Funds:		
Housing Infrastructure Fund	Provides funding for infrastructure only: water, sewer, streets, and drainage in support of new affordable housing developments	Annual
Housing Rehabilitation Fund	Provides funding to bring current occupied housing stock up to Section 8 standards	Biennial
STEP Fund	Provides funding for self-help (sweat equity) water and sewer projects.	Three times per year

1. A biennial competition allows the intake of applications at one time for two years of funding, which increases division efficiency.

2. All programs are competitive unless otherwise stated.

3. The Texas Department of Agriculture (TDA) administers the Texas Capital Fund, and the Texas Department of Housing and Community Affairs (TDHCA) manages the Border Self-help Centers, through an interagency agreement with the agency. The agency retains responsibility for program oversight and coordination with the agencies. The Border Self-help Centers are located in Cameron County, El Paso County, Hidalgo County, Starr County, Val Verde County, Maverick County and Webb County.

4. Texas Water Development Board – Economically Distressed Areas Program

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Community Development Division

The Community Development Division administers its programs in a manner consistent with the U.S. Department of Housing and Urban Development's (HUD) directives, ensuring that the state directed and HUD approved percentage of CDBG dollars are used for administrative purposes and the appropriate percentage of dollars are awarded to eligible units of general local government according to the TCDP Action Plan, which is developed with public participation. The Action Plan is prepared annually and defines the method of distribution of funds and funding categories, as well as other program information (for more information on the Action Plan, see Section 7, Question F).

Readiness to proceed requirements speed up expenditure of funds to benefit for rural Texans

The agency instituted, beginning with its 2004 Action Plan, readiness to proceed requirements to ensure that Community Development Division funding is used in an effective and timely manner and to speed project completion so that rural Texans begin to receive benefit from the agency's actions more quickly. This innovative change is designed to ensure that agency funds are expended more quickly to satisfy U.S. Department of Housing and Urban Development requirements.

Creating and retaining nearly 5,000 jobs in rural Texas

The agency has created or retained nearly 5,000 jobs in rural Texas through its Texas Capital Fund since January 2002 (when the agency began operations).

Partnering with nearly 700 rural communities to address community and economic development goals

The agency has awarded 1,232 grants (totaling \$345,550,998) to 692 rural communities and counties to assist those communities and counties with their community and economic development needs, thus benefiting 1,975,712 rural Texans. Of those rural Texans, 1,155,380 are persons of low to moderate income.

Assisting rural families and communities in times of need with disaster assistance

The agency has awarded 87 grants (totaling \$23,527,694) to 73 rural communities and counties to assist those communities and counties with their disaster relief needs, thus benefiting 588,170 rural Texans. Of those rural Texans, 256,430 are persons of low to moderate income.

First time water and wastewater assistance to rural Texas families

The agency has awarded 192 grants (totaling \$61,053,164) to 135 rural communities and counties to provide first time water and wastewater service, thus benefiting 70,470 rural Texans. Of those rural Texans, 54,803 are persons of low to moderate income.

Improving colonia conditions and assisting rural Texans along the Texas-Mexico border

The agency has awarded 388 grants (totaling \$127,771,317) to 167 communities, counties, and colonias along the Texas-Mexico Border to assist those communities, counties, and colonias in addressing community and economic development needs. As a result, 885,335 rural Texans along the Texas-Mexico border have benefited from the agency's assistance. Of those rural Texans along the Texas-Mexico border, 535,322 are persons of low to moderate income.

Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Community Development Division Program Outcomes As Reported to LBB for FY 2004	2004 Target	2004 Actual	Percent of Annual Target
Percent of population (state-wide) benefiting from projects	33%	37%	112%
Number of new contracts awarded annually	316	278	88%*
Number of persons benefiting from new contracts	375,000	377,005	101%
Number of on-site technical assistance visits conducted	563	545	97%
Number of monitoring visits conducted	300	307	102%

* Award of Housing Infrastructure Funds, Colonia Funds, and Texas STEP funds occurred after August 31, 2004, affecting the program outcome measure.

FY2004 Accomplishments by Funding Type	
Public facilities	<ul style="list-style-type: none"> • The Community Development Division's programs benefited an estimated 377,005 persons. • Regional coordinators managed approximately \$25.7 million in open contracts and ensured that all federal, state, and program regulations were met.
Colonias	<ul style="list-style-type: none"> • Under the Colonia Construction Fund approximately 3,663 persons are estimated to have benefited from these projects, of whom 3,554 or 97% are low to moderate income. • 100% of those applications funded under the Colonia Construction Fund were for basic human needs (water, sewer, and housing activities). • Under Rider 3, Article 7, General Appropriations Act, coordination between the agency and the TWDB has been ongoing therefore minimizing the administrative delay of targeting TWDB Economically Distressed Areas Program project for the agency's Colonia Economically Distressed Areas Program (CEDAP) water and wastewater household hook-up fund. By successfully awarding EDAP-ready projects in the colonias, the agency was able to allocate all \$2,000,000 in available FY 2004 funds. • Under Rider 5, Article 7, General Appropriations Act, the agency is required to allocate no less than 10% of its yearly allocation to colonia activities. In FY2004, the agency allocated this funding.
Community planning	<ul style="list-style-type: none"> • Twenty-two (22) planning studies were awarded to assist rural cities finance comprehensive city planning throughout the state. • Planning activities typically include studies concerning: demographics, land use, housing, water, wastewater, streets, flood and drainage, economic development, subdivision and zoning ordinances and capital improvements programs. The division allows further flexibility under the planning fund should cities require more complex planning by providing funding for additional studies such as parks and recreation, central business district, thoroughfare, and other utility studies. • Enough funding is provided to develop accurate maps the cities can keep and adjust in the future as their city evolves.
Housing	<ul style="list-style-type: none"> • In support of housing, 13 contracts were awarded in FY 2004. • Of those, 7 were under the HIF fund, which provides funding for infrastructure (water, sewer, drainage and streets) in support of the development of new housing subdivisions serving at least 51% low- to moderate-income persons. • Those 7 projects are estimated to benefit approximately 366 persons of which 188 are of low- to moderate-income. • The remaining 6 contracts were awarded under the housing rehabilitation program bringing those homes selected up to Section 8 standards and creating a safer environment in which to live. • These 6 contracts are estimated to benefit 138 persons of whom 138 or 100% will be of low- to moderate-income.
Disaster relief	<ul style="list-style-type: none"> • 16 disaster relief contracts were awarded providing communities with over \$2 million to utilize as the 25% match for other federal dollars to assist in their recovery. • These disaster relief funds were issued to benefit approximately 53,658 persons of whom 26,522 are of low-to moderate-income.
Job creation and economic development	<ul style="list-style-type: none"> • 26 grants were awarded for economic development projects, creating or retaining approximately 962 jobs.
Monitoring	<ul style="list-style-type: none"> • 307 contracts were monitored and 378 contracts closed.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

1974 — Congress creates the Community Development Block Grant (CDBG) Program.

1981 — Congress passed the Omnibus Budget Reconciliation Act, which authorized states to administer the nonentitlement portion of the CDBG Program.

1983 — The state of Texas assumed administration of the CDBG program. Senate Bill 315, 68th Legislature designated the Texas Department of Community Affairs (TDCA) as the administrative agency for the program. Under TDCA's administration, the program became known as the Texas Community Development Program (TCDP).

1987 — TCDP transferred to the Texas Department of Commerce.

1991 — Responsibility for TCDP transferred to the newly created Texas Department of Housing and Community Affairs.

2001 — Responsibility for TCDP was transferred to the newly created Office of Rural Community Affairs (ORCA). The division's focus during the transfer process continued to ensure that services were not disrupted and that communities continued to receive funding.

2003-2004 — The division's emphasis on economic development increased and regional funding distribution was examined and revised with public input.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Describe who or what this program or function affects.

The Community Development Division benefits residents of 1,017 small cities and 245 rural counties with an estimated population of 6,322,753 persons, of whom 2,499,429 are persons of low- to moderate-income.

FY2004 Ineligible Counties (Entitlement)

Bexar, Brazoria, Dallas, Fort Bend, Harris, Montgomery, Tarrant, and Williamson

FY2004 Ineligible Cities (Entitlement)

Any city with a population over 50,000

List any qualifications or eligibility requirements for persons or entities affected.

Eligible applicants for the Community Development Division’s programs are nonentitlement "units of general local government" and incorporated cities and counties that are not participating or designated as eligible to participate in the entitlement portion of the federal Community Development Block Grant Program. Generally, units of general local government located in cities under 50,000 in population, cities that are not designated as a central city of a metropolitan statistical area, and counties not eligible for entitlement status are able to apply for CDBG/TCDP funds. Nonentitlement cities that are not participating in entitlement county programs through existing participation agreements are eligible applicants (unless the city’s population is counted towards the urban county CDBG allocation). Nonentitlement counties are predominately rural in nature. A nonentitlement county generally has fewer than 200,000 persons in its nonentitlement cities and its unincorporated areas.

Provide a statistical breakdown of persons or entities affected.

The Community Development Division serves Texans living in rural areas of the state, as follows:

- The division principally benefits the low- to moderate-income residents of 1,017 small cities and 245 rural counties with an estimated population of 6,322,753 persons, of whom 2,499,429 are persons of low- to moderate-income.
- Of the 245 CDBG-eligible nonentitlement counties in Texas, 203 counties have a higher percentage of people in poverty than the national average.
- Of the 1,017 eligible nonentitlement cities in Texas, 623 cities have a higher percentage of people in poverty than the national average.
- The majority of eligible small cities served by the Community Development Division’s programs have less than 3,000 in population, making up 73% of the program’s participating small cities.
- 80% of the unincorporated populations within the 245 eligible counties have populations below 15,000. These populations exclude the incorporated cities within each county.

(SOURCE: HUD poverty definition and TCDP’s eligible cities and their census numbers)

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Describe how your program or function is administered.

The Community Development Division’s programs are administered through both annual and biennial grant competitions and award processes specific to each fund. (See the “Community Development Division Activities FY04” table under Question B.) Each year, an Action Plan is developed, as required by HUD. The Action Plan describes how the Community Development Division will administer the funding available through its TCDP programs. The plan includes 1) a description of how all the Community Development Division’s TCDP resources will be allocated among all funding categories and the threshold factors and grant size limits that are to be applied; 2) the eligibility criteria; 3) the application process; 4) the scoring criteria; 5) the selection process; 6) the award process; 7) the contract process; and 8) other pertinent information.

Public hearings are then conducted to gather public input regarding the proposed Action Plan. Once public input is obtained, the plan is submitted to HUD for approval as part of the state’s multi-agency federal program Consolidated Plan, which is compiled and produced by the Texas Department of Housing and Community Affairs. Staff then begins preparation of the application guides for the program. Next, staff establishes an application deadline for these funds and then conducts application workshops throughout the state.

Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures.

Community Development Division Timeline



List any field or regional services.

The agency operates three field offices located in Levelland, Nacogdoches, and Alice, which enable the program and the agency to maintain a regional presence.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies.

The Community Development Division’s programs are funded through an annual allocation from the U.S. Department of Housing and Urban Development’s Community Development Block Grant program. Under this program, each state, including Texas, provides up to a 2% match of the CDBG grant allocation for administration of the program. HUD then matches up to 2% of the allocation dollar for dollar plus \$100,000 to administer the program plus an additional 1% to provide technical assistance.

For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

General Appropriations Act

For the Years Ending	August 31, 2004
A.1.1. Strategy: PROVIDE GRANTS Provide grants for community and economic development projects.	\$ 90,082,777
A.1.2. Strategy: PROVIDE ASSISTANCE TO COLONIAS Provide technical assistance to colonias through field offices.	\$ 100,000
Total, Goal A: COMMUNITY ECONOMIC DEVELOPMENT	\$ 90,182,777

Riders

Rider 4—Administrative Allocation: Councils of Governments. From the federal administrative monies made available to the Office of Rural Community Affairs under the Community Development Block Grant Program, an amount up to 19 percent of such monies shall be allocated for the councils of government, based upon agreements between the Office of Rural Community Affairs and each council of government, to continue staff support to the 24 Regional Review Committees of local elected officials appointed by the Governor and/or for other technical assistance services so long as the staff support activities comply with the rules, policies, and standards established by the US Department of Housing and Urban Development.

Rider 5—Colonia Set-aside Program Allocation. The Office of Rural Community Affairs (ORCA) shall continue the Community Development Block Grant (CDBG) Colonia Set-Aside Program by allocating not less than 10 percent of the yearly allocation of CDBG funds for eligible activities to assist in providing for the housing, planning, and infrastructure needs in colonias. From this 10 percent yearly allocation, \$2,000,000 shall be reserved to provide financial assistance to units of general local government located in economically distressed areas as defined by § 17.921, Water Code, to pay for residential service lines, hookups, and plumbing improvements associated with being connected to a water supply or sewer service system, any part of which is financed under the economically distressed areas program established under Subchapter J, Chapter 16, Water Code and Subchapter K, Chapter 17, Water Code. ORCA by rule shall provide that an application for assistance under the program hereby authorized may be submitted after construction of the water supply or sewer service system begins. ORCA shall approve or disapprove a timely application before construction of the water supply or sewer service is completed in order to eliminate delay in connection once construction is completed.

ORCA shall coordinate the application process with the Texas Water Development Board to avoid duplication of effort and the necessity for applicants to submit dual applications. In addition, ORCA shall allocate 2.5 percent of the CDBG monies to support the operation of the Colonia Self-Help Centers and shall transfer such funds to the Department of Housing and Community Affairs on September 1 of each year of the biennium.

Consistent with federal rules and regulations, the funds provided from ORCA to the Colonia Self-Help Center in El Paso county shall be used to provide Internet access and training for parents and their children attending elementary schools in Colonias, to establish technology Centers within those elementary school libraries, to purchase wireless devices and laptop computers to loan out from the Technology Centers, and improve internet access for students and parents.

In operating the Colonia Self-Help Centers, the Department of Housing and Community Affairs shall provide the \$2.5 million each year except CDBG funds to fund the administration and operations of the Colonia Self-Help Centers.

Describe any funding formulas or funding conventions.

Public comment received on the Action Plan (described under item F) guides how the Community Development Division's total annual allocation from HUD is spread among TCDP's various funds. The table below reflects how the TCDP's FY 2004 funds were distributed among its funding categories.

TCDP Fund	Source	Amount allocated and percent of total TCDP Program Dollars
Community Development Fund	Federal/State	56.9% \$49,365,907
Texas Capital Fund	Federal/State	14.8% \$12,802,300
Texas Capital Fund Program Income		
Colonia Fund		
Colonia Construction Fund	Federal/State	7.2% \$ 6,253,686
Colonia EDAP Fund	Federal/State	2.3% \$ 2,000,000
Colonia Planning Fund	Federal/State	0.5% \$ 420,000
Colonia Self-Help Centers Fund	Federal/State	2.50% \$ 2,168,400
Planning And Capacity Building Fund	Federal/State	0.9% \$ 759,295
Disaster Relief/Urgent Need Fund	Federal/State	4.1% \$ 3,565,000
Housing Fund		
Housing Infrastructure Fund	Federal/State	2.8% \$ 2,400,000
Housing Rehabilitation Fund	Federal/State	1.7% \$ 1,500,000
STEP Fund	Federal/State	3.2% \$ 2,800,000
Administration	Federal/State	2.00 + \$100,000 \$ 1,834,734
Technical Assistance	Federal/State	1.00 \$ 867,366

Memoranda of understanding, contracts, and interagency agreements

Interagency Agreement: Texas Department of Housing and Community Affairs

The agency receives funding through a Memorandum of Understanding (MOU) with the Texas Department of Housing and Community Affairs' (TDHCA) to assist TDHCA staff in reviewing and scoring the rural portion of Housing Tax Credit (HTC) program projects. The agency was awarded \$10,306 for duties performed during FY2004.

Interagency contract: State Comptroller of Public Accounts

The agency receives funds from the Comptroller of Public Accounts' State Energy Conservation Office (SECO) to support half of a full-time position dedicated to promoting Renewable Energy Resources and Conservation. The other half of the full-time position is funded through the Community Development Division. The agency received \$2,495.97 from the Comptroller's office. The contract was signed on April 5, 2004, and the agency hired an FTE to perform the duties associated with the contract in August 2004.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

In addition to the information provided in the following table, there are five key differences between Community Development Division and other programs:

1. TCDP funds are only available to non-entitlement cities and counties;
2. TCDP funds are to serve beneficiaries of at least 51% low- to-moderate income persons;
3. TCDP funds are typically used for public infrastructure improvements;
4. TCDP funds are funds of last resort for many communities and are highly competitive; and,
5. TCDP funds are the only funds that do not require a loan component.

Agency & Programs	Similarities	Differences
<u>Texas Water Development Board (TWDB)</u> <ul style="list-style-type: none"> • Economically Distressed Areas Program (EDAP) • Colonia Plumbing Loan Program • Community Self-Help • Clean Water State Revolving Loan Program (RLF) • Drinking Water RLF • Rural Water Assistance Program • Water and Wastewater Loan Program 	Provides funding for water and sewer infrastructure projects.	<ul style="list-style-type: none"> • Most TWDB funds are available through loans. • Available to political subdivisions other than city and county governments. • Lower allowable cost per connection in some cases. (Total construction cost divided by total households to be served equals cost per connection) • Provide water & sewer facility planning grants/loans for water/sewer facility plan development. (Engineering feasibility and cost study)
<u>Texas Department of Agriculture (TDA)</u> Rural Municipal Finance Program	Provide loans/grants to communities for infrastructure improvements in support of economic development.	<ul style="list-style-type: none"> • TDA's Rural Municipal Finance Program provides loans, not grants, to improve or assist economic development (i.e. real estate purchase, construction of buildings, site improvements, equipment water and sewer systems, and municipal infrastructure projects). In addition, the Rural Municipal Finance Program has no low- and moderate-income job provisions.
<u>Texas Department of Housing and Community Affairs (TDHCA)</u> <ul style="list-style-type: none"> • HOME Program • Texas Bootstrap Loan Program • First-time Home Buyers Program 	Provide housing funds	<ul style="list-style-type: none"> • TDHCA provides direct lending, rehabilitation and other multi-family financing and technical assistance for both new and existing housing through local governments and non-profits. • TCDP provides funding through (continued) local governments for housing rehabilitation. Funds cannot be used directly for new housing. The HIF fund provides funds for public infrastructure that supports the development of new housing development but not actual new housing construction.
<u>Texas Department of Transportation (TxDOT)</u> <ul style="list-style-type: none"> • Border Access Colonias Program 	Provides colonia road paving funding.	<ul style="list-style-type: none"> • TCDP grant funding for streets to any non-entitlement community, not just the border is an eligible activity.
<u>Texas Historical Commission (THC)</u> <ul style="list-style-type: none"> • Texas Preservation Trust Fund Grants • Historic County Courthouses 	Provide grant funding for historic preservation planning and restoration.	<ul style="list-style-type: none"> • THC grants can be used for preserving buildings of general government use such as county courthouses. Community Development Division funds can only be used to bring these buildings into compliance with the Americans with Disability Act (ADA)

Agency & Programs	Similarities	Differences
<p><u>U.S. Department of Homeland Security (DHS) Grants</u></p> <ul style="list-style-type: none"> • First Responder Grants Program • Disaster/Responder Grants Program <p><u>Federal Emergency Management Agency (FEMA)</u></p> <ul style="list-style-type: none"> • Hazards Mitigation Grants Program (HMGP) • U.S. Fire Administration Grants Program <p><u>Department of Public Safety (DPS)</u></p>	<p>Provide grant funding for emergency equipment.</p> <p>Provide disaster relief grants.</p> <p>Provide disaster relief grants.</p>	<ul style="list-style-type: none"> • DHS also provides grant funding for supporting fire fighter safety, training and salaries, and community education initiatives. • TCDP provides matching funds to obtain FEMA/DPS dollars for public infrastructure repair or rehabilitation in non-entitlement rural communities as the funding of last resort.
<p><u>U.S. Department of Agriculture’s Rural Development Program (USDA-RD)</u></p> <ul style="list-style-type: none"> • Water and Environment Programs (WEP) • Rural Housing and Community Facilities Programs • Single and Multi-family Housing Programs • Rural Utilities Service Programs • Rural Business Programs <p><u>Natural Resource and Conservation Service (NRCS)</u></p> <ul style="list-style-type: none"> • Emergency Watershed Protection Program 	<p>USDA-RD Provides loans/grants for rural water and wastewater construction, housing rehabilitation, purchasing construction, and rural business loans.</p> <p>NRCS provides disaster relief funding</p>	<ul style="list-style-type: none"> • USDA-RD funds communities under 10,000 in population. • Loan component to all projects except hook-up program. • Application process tends to be much longer. Extensive engineering feasibility study is required as well as finding of no significant impact (FONSI) as related to an environmental assessment. • Total funds per fiscal year less than TCDP, but larger awards made. • Same as above - providing for mitigation for future flooding.
<p><u>U.S. Department of Commerce’s Economic Development Administration (EDA)</u></p>	<p>Provide some funding to low-income communities, qualifying businesses</p>	<ul style="list-style-type: none"> • TCDP’s Texas Capital Fund does not require match funds. TCDP’s new Microenterprise (5 or fewer employees) and Small Business Loan Programs (100 or less employees) are similar, but target rural populations only.
<p><u>U.S. Department of Treasury’s</u></p> <ul style="list-style-type: none"> • Community Development Financial Institutions Fund (CDFI) <p><u>Small Business Administration (SBA)</u></p>	<p>Provide some funding to low-income communities, qualifying businesses</p>	<ul style="list-style-type: none"> • TCDP’s Texas Capital Fund does not require match funds. TCDP’s new Microenterprise (5 or fewer employees) and Small Business Loan Programs (100 or less employees) are similar, but target rural populations only.
<p><u>Border Environment Cooperation Commission (BECC) & North American Development Bank (NADBank)</u></p> <ul style="list-style-type: none"> • Loan and Guarantee Program • Border Environment Infrastructure Program 	<p>Provide loans/grants for water, wastewater, flood control, solid waste infrastructure planning and construction.</p>	<ul style="list-style-type: none"> • NADBank can only fund projects approved by the BECC. Awards tend to be in much greater amounts, but funding is provided as a loan.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers.

Community Development Division staff remain in constant communication with other government agencies to ensure division activities compliment those of other programs. Division staff also work with the Texas Water Development Board (TWDB) to ensure that all areas funded through the TWDB Economically Distressed Areas Program (EDAP) have complete access through household hook-ups to water and/or sewer service. ORCA not only has a matching fund to compliment the TWDB program but funding criteria in the colonia programs which also ensures that these areas are a priority.

If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

To ensure not only coordination with external programs but also a maximization of resources, memorandums of understanding (MOU), interagency contracts and informal agreements have been developed with the TDA, TDHCA, and the state's 24 councils of governments. The division also participates in an interagency contract with the State Comptroller of Public Accounts' State Energy Conservation Office for renewable energy activities.

Interagency Contract: Texas Department of Agriculture

The agency's interagency contract with TDA provides for the administration of the Division's Texas Capital Fund (TCF) as allowed by Section 487.352, Government Code. The agency not only provides funding but also oversight and administrative compliance monitoring.

Memorandum of Understanding: Texas Department of Housing and Community Affairs

The agency has an MOU with TDHCA for the administration of the Colonia Self-help Program as required by Rider 5, Article 7, General Appropriations Act, 2004-2005 Biennium. As directed, the Colonia Self-help Center program awards and oversees the ongoing administration of the county Colonia Self-help Centers located along the Texas-Mexico Border.

Interagency Agreement: Texas Department of Housing and Community Affairs

The Community Development Division also provides services to TDHCA in accordance with its MOU for the rural set-aside portion of TDHCA's Housing Texas Credit program.

Interagency Contract: Councils of Government

An amount equal to 19 percent of the total yearly allocation of federal administrative monies made available to the agency under the Community Development Block Grant Program must be allocated to councils of government to continue staff support to the 24 Regional Review Committees of local elected officials appointed by the Governor. Participating council of governments are to use these monies to provide technical assistance on community and economic development to eligible communities within the associated region. This assistance includes providing staff support for the Regional Review Committees (RRC) that score community development fund applications as mandated in Rider 4, Article 7, General Appropriations Act, 2004-2005 Biennium.

Interagency Contract: State Comptroller of Public Accounts

The Community Development Division also participates in an interagency contract with the State Comptroller of Public Accounts' State Energy Conservation Office to provide half the support of a full time position (TCDF funds the other half) to promote renewable energy resource and conservation. The Renewable Energy-Community Services Specialist is housed with the Community Development Division at the agency.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Community Development Division staff work with many local, regional, and federal units of government. Typically, the division's relationship with local governments is through contract awards. Regional relationships occur between the Community Development Division and the 24 planning regions or councils of government. The Community Development Division's primary goal is to assist local governments with their community development needs. A total of 1,262 units of local government (rural cities and counties) are eligible for the division's CDBG grants. As of August 31, 2004, the division had, in partnership with these units of local government, 963 ongoing public infrastructure or planning projects.

Through the Community Development Division's Colonia Fund and interagency colonia work group, which is coordinated by the Secretary of State Office's Colonia Initiatives Program, several agencies work to improve living and economic conditions in colonia areas. Agencies involved with this effort include, but are not limited to the following:

CDBG	Unit of Government	Brief Description	Relationship
<ul style="list-style-type: none"> Community Development Fund Colonia Fund 	U.S. Army Corps of Engineers	Plans, designs, builds and operates civil works projects and military facilities.	Leveraged and joint funding, primarily in the form of in-kind engineering services.
<ul style="list-style-type: none"> All Community Development Funding 	U.S. Environmental Protection Agency	Develops and enforces regulations to protect the environment.	EPA provides environmental guidelines for projects.
<ul style="list-style-type: none"> Community Development Fund Colonia Fund 	U.S. Department of Agriculture's Rural Development Program	Provides loans/grants for rural water and wastewater construction, housing rehabilitation and construction.	Leveraged and joint funding between agencies for projects that would otherwise not be fully funded through a single agency.
<ul style="list-style-type: none"> Community Development Fund Colonia Fund 	Border Environment Cooperation Commission / North American Development Bank / Texas Water Development Board / Texas Department of Housing and Community Affairs	Provides loans/grants for water, wastewater, flood control, solid waste infrastructure planning and construction along the US-Mexico border.	Leveraged and joint funding between agencies for projects that would otherwise not be fully funded through a single agency.
<ul style="list-style-type: none"> Community Development Fund Colonia Fund Colonia Economically Distressed Areas Program Fund 	Texas Water Development Board	Provides funding for water and sewer infrastructure projects.	In addition to leveraged and joint funding, the agency funds projects that specifically provide water and wastewater house connections to mainline infrastructure installed by TWDB.
<ul style="list-style-type: none"> Colonia Fund 	Texas Department of Housing and Community Affairs	Provides funding for various housing needs including new home construction, rehabilitation, financing and titling.	The agency financially supports Colonia Self-Help Centers, the activities of which are administered by OCI of TDHCA.
<ul style="list-style-type: none"> Community Development Fund Colonia Fund 	Attorney General's Office	Upholds state laws, represents the State in litigation and approves public bond issues.	AG enforces the Model Subdivision Rules through court litigation.
<ul style="list-style-type: none"> Community Development Fund Colonia Fund Colonia Economically Distressed Areas Program Fund 	Texas Commission on Environmental Quality	Develops and enforces regulations to protect the environment for the state of Texas.	TCEQ Reviews and approves plans for Community Development Division water and wastewater infrastructure development projects.

Community Development Division staff work with other state and federal agencies on disaster relief grants and workgroups including:

CDBG	Unit of Government	Brief Description	Relationship
Disaster Relief Fund	Governor's Department of Emergency Management (DEM)	DEM's State Coordinator has the overall responsibility for emergency planning & coordination of state resources in the conduct of emergency operations.	The agency is a member agency on State Emergency Management Council.
Disaster Relief Fund	Department of Homeland Security's (DHS) Federal Emergency Management Agency (FEMA),	FEMA continues to be the lead federal agency for federally declared disasters.	The agency will assist FEMA and other state/federal agencies in damage assessment activities for Public Assistance & Hazard Mitigation Grant Program (HMGP).
Disaster Relief Fund	Natural Resources Conservation Service (NRCS)	NRCS administers the Emergency Watershed Protection (EWP) program which provides funds on 75%/25% cost share basis to localities in a state and sometimes federal disaster area.	The agency's Disaster Relief Fund assists localities in meeting the 25% match required by the EWP program in drainage and debris removal /clearance projects.
Disaster Relief Fund	State Emergency Management Council	Established to include representatives of each state agency, board or commission whose functions or capabilities relate to important phases of emergency mgmt.	The agency is a support agency in Recovery, Direction & Control, & Hazard Mitigation.
Disaster Relief Fund	State Emergency Response Team and Committee	Provides immediate and additional state presence in a disaster, assess impact, identify immediate lifesaving and hazard-abatement needs & provide an on-scene capability for enhanced emergency response operations.	The agency's participation in SERT is generally associated with housing needs (if TDHCA cannot function in that capacity).
Disaster Relief Fund	State Hazard Mitigation Program Team	Responsible for conducting mitigation activities intended to eliminate or reduce long-term risk to life and property from natural or man-made hazards.	The agency's Disaster Relief Fund can assist localities in meeting 25% cost share for FEMA funds for buyout/drainage projects (federal only)
Disaster Relief Fund	Drought Preparedness Council	HB 2660 created this council for (the assessment and public reporting of drought monitoring and water supply conditions; advise the governor on significant drought conditions; recommend specific provisions for a defined state response to drought-related disasters advise regional water planning groups on drought-related issues; ensure effective coordination among state, local, and federal agencies; and report to the legislature.	The agency participates in two categories: Drought Planning and Coordinating and Drought Technical Assistance and Technology Committee – basically provide funding to localities that have lost their only water source, following a drought declaration by the governor.
Disaster Relief Fund	Emergency Drinking Water Contingency Plan Team	The intent of this working group is to focus within a short period on two specific challenges: Water sources and transportation of water.	The agency's Disaster Relief Fund can assist localities in locating a permanent water source, if the Governor issues a state declaration.
Disaster Relief Fund	Hurricane Polly Exercises (hurricane preparedness training)	DEM conducts a series of Hurricane exercises at the start of hurricane season each year. A separate conference has now been established for more extensive hurricane preparedness training.	As part of the State Emergency Management Council, the agency participates in the hurricane preparedness exercises.
Planning/Capacity-Building Fund Community Development Fund Disaster Relief Fund	Texas Colorado River Floodplain Coalition	The TCRFC is made up of the governmental entities upstream and downstream along the Colorado River to create a consensus-based coalition that seeks mutually agreeable solutions to common floodplain management problems through a collaborative process.	The agency was invited to be a part of other agencies whose function is to provide technical assistance and funding sources to rural members of the coalition through the Community Development, the P/CB & D.R. Funds.

K. If this program or function is contracted out, provide a description of how you ensure accountability for funding and performance.

Interagency Contract: Texas Department of Agriculture

The Community Development Division ensures accountability for funding and performance of TCDP's Texas Capital Fund (TCF), which is administered by TDA, through the following mechanisms:

- The agency obtains quarterly reports on the status of TCF;
- The agency receives copies of all TCF obligations and signs off on TCF contracts;
- On an annual basis, the agency's Compliance Division completes a monitoring and audit review of the administration and implementation of TCF by TDA. Each contract is reviewed to assure that all federal, state, and program requirements have been met, that funds have been spent in accordance with all guidelines, and that evidence to that effect is present; and
- Beginning January 31, 2004, a single audit is required for all entities that receive more than \$500,000 in federal financial assistance for any fiscal year. The agency requires this as a special condition for all Community Development Division contracts.

Memorandum of Understanding: Texas Department of Housing and Community Affairs

TCDP ensures accountability for funding and performance of TCDP's Colonia Self-Help Centers administered by TDHCA through the following mechanisms:

- TCDP staff provides programmatic and administrative guidance through technical assistance, project review, financial review, and approval, project completion report review and approval, and ongoing monitoring and audit review of the administration and implementation of the Colonia Self-Help Program by TDHCA.
- On an annual basis, the agency's Compliance Division completes a monitoring and audit review of the administration and implementation of the Colonia Self-help Centers by TDHCA.
- Each contract is reviewed to assure that all federal, state and program requirements were met, funds were spent in accordance to all guidelines and that evidence to that effect is present.
- Beginning January 31, 2004, a single audit is required for all entities that receive more than \$500,000 in federal financial assistance for any fiscal year. The agency requires this as a special condition for all Community Development Division contracts.

Interagency Contract: Councils of Government

The Community Development Division ensure accountability for funding and performance of TCDP's technical assistance functions administered by the council of governments through the following mechanisms:

- Review of council of government applications for funding;
- Contracted Performance Measures; and,
- Periodic Monitoring of contracts.

Interagency Contract: State Comptroller of Public Accounts

Although this interagency contract had just begun at the end of FY 2004, the following significant achievements have been made:

- Renewable energy personnel have successfully coordinated an outreach conference in Waco, Texas, for the Rural Alliance for Renewable Energy (RARE) with the participation of 80 persons.
- Presentation to the Texas Banker's Association Rural Lending conference.
- Assisted seven landowners with information on acquiring wind energy projects for their land.
- Developed outreach materials and fact sheets related to the emerging technologies of wind power, solar power, biomass electric generation, biomass from Confined Animal Feeding Operations (CAFO's), ethanol, and biodiesel.
- Begun working to assist colonias in the border region with technical assistance in utilizing solar powered street lights (to avoid ongoing electricity costs).
- Begun working with an entrepreneur to provide technical assistance in grant funding requests as well as regulatory information for a biomass electric generation project.
- Worked closely with large wind energy industry investors in identifying potential investment opportunities and sighting locations in West Texas.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Administration of self-help centers by the agency

Under Rider 5 of ORCA's appropriation, the agency is required to transfer 2.5 % of the allocation to the Texas Department of Housing and Community Affairs for operation of the self-help centers. In addition, under SECTION 2.15, SB 322 (77R), the memorandum requires the agency to continue to fund the housing department's border field offices through the community development block grant program and requires the housing department to exercise oversight and supervision over those field offices and staff. It is appropriate that the agency, as the state agency responsible for the CDBG program including the 10% colonia set-aside, be responsible for administration of the self-help centers and that the funding be part of the agency umbrella of rural programs.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

A Regional Allocation Task Force was established in July 2003 to review the current allocation formula for TCDP. Discussions to date have included the prioritization of TCDP projects eligible for funding. The Task Force is comprised of local elected officials currently serving on the Regional Review Committees, directors of various councils of government from throughout the state, and members of the agency's own Executive Committee.

In 2004, the funding set-aside for the division's housing categories was transferred to the newly created Community Development Supplemental Fund. Housing is still an eligible activity, which is encouraged in the Community Development Fund, the Colonia Fund, and the new Community Development Supplemental Fund. Additionally, each of the 24 regions were encouraged, but not required, to set-aside up to eight percent of their regional allocation for housing.

These funding changes provide for more local input into the types of local projects funded through their TCDP allocation. The new Community Development Supplemental Fund's scoring criteria emphasizes local project selection by providing each Regional Review Committee with a greater number of points to assign applications during the scoring process, and an additional ten points from agency staff based on the applicants past grant administration performance.

A Regional Allocation Task Force was established in July 2003 to review the current allocation formula for TCDP. Discussions to date have included the prioritization of TCDP projects eligible for funding. The Task Force is comprised of local elected officials currently serving on the Regional Review Committees, directors of various councils of government from throughout the state, and members of the agency's own executive committee.

Currently, the division is establishing three new economic development funds to expand the agency's job creation efforts in rural communities, as follows:

- Microenterprise Fund, which is a revolving loan fund for the development of businesses with less than five employees;
- Small Business Fund, which is for businesses with less than 100 employees; and the
- Section 108 Loan Guarantee Pilot Program, which focuses on leveraging funds for economic development.

N.Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity.

N/A.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

N/A.

B. Guide to ORCA Rural Health Programs

Complete this section for **each** agency program (or each agency function, activity, or service if more appropriate). Copy and paste the questions as many times as needed to discuss each program, activity, or function. Contact Sunset staff with any questions about applying this section to your agency.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Texas Rural Health Program
Location/Division	Office of Rural Community Affairs Rural Health Division
Contact Name	Terrie Hairston, Division Director
Actual Expenditures, FY 2004	Expenditures for Appropriation Fiscal Year 2004 for Rural Health: \$5,941,239
Number of FTEs as of August 31, 2004	16

B. What is the objective of this program or function? Describe the major activities performed under this program.
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Division Objective

The objective of the agency’s Rural Health Division is to improve equitable access to high-quality healthcare services and eliminate healthcare disparities in rural areas of Texas by increasing access to primary care and strengthening rural health infrastructure and systems.

Major Activities

All major activities of the Rural Health Division serve principally rural and underserved communities and populations and focus on expanding local access to primary care and strengthening rural health infrastructure and systems throughout rural Texas.

Major activities of the Rural Health Division include:

- funding programs
- facilitation and coordination activities
- partnership and collaboration efforts
- leadership development initiatives

As designated by the U.S. Health Resources and Services Administration (HRSA), the Rural Health Division serves as the Texas State Office of Rural Health (SORH). Under the division’s SORH designation and consistent with the legislative mandate of House Bill 7, as passed in the 77th Texas State Legislative Session in 2001, the Rural Health Division administers programs to support rural healthcare and serves as the portal for many federal grant programs to the State.

Rural and underserved communities in Texas compete for funding under the eligibility criteria and rules established for each of the division's funding programs. The qualification and eligibility requirements for each program are provided in the response to Question E. The major rural health activities, their objective, and the allocated amounts (and percent) are provided in the table below:

Program/Function	Objective
Medically Underserved Community-State Matching Incentive Program (MUC-SMIP)	Expand access to primary care Attract and retain primary care physicians in medically underserved communities by providing funds to cover start-up costs of establishing physicians' practices
Medicare Rural Hospital Flexibility Program (FLEX)	Strengthen rural health systems Sustain and expand access and availability to high quality health services across the continuum of care that meet local needs, with the Critical Access Hospital (CAH) as the hub of an organized system of care
Permanent Fund for Rural Health Facility Capital Improvement (CILF)	Strengthen rural health facilities Provides grants, loans, and loan guarantees to public hospitals for the acquisition, construction, or improvement of a facility, equipment, or real property for use in providing health services
Rural Access to Emergency Devices Program (AED)	Increase access to early defibrillation in rural areas of Texas
Rural Community Health Care Investment Program (RCHIP)	Expand access to primary care Recruit and retain health professionals to practices in medically underserved communities by providing stipend and/or loan reimbursement
Small Rural Hospital Improvement Program (SHIP)	Strengthen rural health facilities and systems Assist small rural hospitals to pay for costs related to the implementation of Prospective Payment Systems (PPS), to comply with provisions of Health Insurance Portability and Accountability Act (HIPAA), and to reduce medical errors and support quality improvement
State Office of Rural Health Grant (SORH)	Expand access to primary care and strengthen rural health facilities and systems Collect and disseminate information; coordinate rural health resources and activities statewide; provide technical assistance; encourage recruitment and retention of health professionals to rural areas of Texas; and to participate in strengthening federal, state, and local partnerships
Texas Health Service Corps Program (THSC)	Expand access to primary care Encourage physicians trained in the primary care specialties, through stipend incentives, to establish and maintain practices in medically underserved areas in Texas.
Texas Outstanding Rural Scholar Recognition Program (ORS)	Expand access to primary care Recognize, encourage, and financially support students in health care professions studies at institutions of higher education and to lead them to provide health care in rural communities.
Physician Relief	Offer affordable locum relief services to rural physicians.

The following is a “snapshot” of the major activities performed by the Rural Health Program in fiscal year (FY) 2004.

- For FY 2004 (September 1, 2003 – August 31, 2004), the agency received a total of \$5,941,239.00 through state and federal appropriations to support the agency’s rural health objectives and major activities. Of this, \$5,092,951.00 was disbursed as grant awards and stipends.
- Of the approximate 600 applications received by the Rural Health Program, \$5,092,951.00 was awarded through grants and stipends. Of these 46 were awarded to support health facility capital improvements; 105 were awarded to support PPS implementation, HIPAA, and quality improvement efforts; 128 were awarded to support rural defibrillation capability and readiness; and 141 were awarded to support the recruitment and retention of rural health professionals.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Evidence of Program Effectiveness and Efficiency

In support of the agency’s mission and consistent with its legislative mandate, the Rural Health Division performs a number of activities that accomplish its objectives to increase access to healthcare in rural areas and improve rural health infrastructure and systems.

Successfully competing for federal funding to improve healthcare for rural Texans

One of the best indicators of the Rural Health Division’s effectiveness is evident in the division’s demonstrated ability to compete for federal funding. The Rural Health Division competed for and received over \$2,020,822 million in federal funds (34% of the total Rural Health appropriation) in FY 2004. Funding awards include:

- Medicare Rural Hospital Flexibility Grant (FLEX), which received one of the highest funding levels among 45 participating states in the country;
- Small Rural Hospital Improvement Program (SHIP), which received the second highest funding level among all states in the country;
- State Office of Rural Health Grant (SORH);
- Rural Access to Emergency Devices Grant (AED).

Keeping hospital doors open in rural Texas

The agency’s ability to designate Texas’ smallest and most vulnerable rural hospitals as Critical Access Hospitals allows nearly 70 rural hospitals to remain viable, in part through increased Medicare reimbursement.

Improving rural healthcare facilities

Since January 2002, the agency has awarded 172 grants (totaling \$8,332,736) to public and nonprofit hospitals through its Capital Improvement Loan Fund to improve the health services and healthcare infrastructure of Texas’ rural communities by making capital improvements to existing facilities, constructing new health facilities, and purchasing capital equipment.

Creating jobs by recruiting and retaining healthcare professionals to serve rural communities

Since January 2002, the agency has awarded 1,145 grants (totaling \$18,349,643) to 572 rural communities and individuals to assist rural communities improve access to healthcare and improve healthcare facilities.

Program Evaluation: The Rural Health Division conducts formal and informal evaluations to assess the implementation and impact of various rural health programs. Examples of performance evaluations include:

- (a) Contracted external evaluation and analysis of the implementation of the Medicare Rural Hospital Flexibility Program (FLEX): Major findings reported by the evaluator for activities implemented between FY 2002 and FY 2004 include:
 - 75.5 percent of respondents reported that the agency has been very effective or effective in helping to improve the healthcare services for rural Texas communities.
 - 62.2 percent of respondents reported that the agency has been very effective or effective in assisting providers to increase the percentage of rural Texans with access to regular healthcare.
 - 60 percent of respondents are very satisfied or satisfied with the overall quality of the services provided by the agency.
- (b) Special work groups and advisory committees convened by the agency to evaluate the rural health programs under its jurisdiction and to propose changes, including statutory changes, to combine, streamline, or coordinate the programs to improve their flexibility and efficiency. Members of the work groups and advisory committees are representative of the rural constituents and partner organizations statewide. Examples of the work groups and advisory committees include:
 - Outstanding Rural Scholar Recognition Program Advisory Committee
 - Critical Access Hospital Work group
 - Rural Physician Relief Advisory Committee
- (c) Work Performance and Financial Status Report (FSR): In addition to activities that assess the agency's performance internally, the agency requires grantees to submit work performance and financial status reports to the agency that document the achievements of program objectives and outcomes.

Facilitation and Coordination: The Rural Health Division participates in numerous activities that facilitate and coordinate the use of available resources to assist rural Texans in achieving sustainable, healthy communities, including:

- Working with most of the residency programs and medical education and training institutions in Texas to assist in the recruitment of health professionals to practice in rural communities;
- Coordinating with the Texas Primary Care Office of the Department of State Health Services to administer the Texas Practice Site, an online rural recruitment database and registry; and
- Coordinating with the Texas Primary Care Office, Texas Hospital Association, Texas Organization of Rural and Community Hospitals, and the Texas Association of Community Health Centers to support the development of local systems and organized systems of care between Critical Access Hospitals (CAH) and Federally Qualified Health Centers (FQHC).

Partnership and Collaboration: The Rural Health Division works closely with various state agencies and officials as well as other health and health-related organizations and experts, including:

- Collaborating with the State's Quality Improvement Organization to develop the Alliance of Rural and Community Hospital (ARCH) quality assessment and performance improvement program; and
- Partnering with professional hospital associations to provide educational and training conferences and workshops.

Leadership Development: Through input from constituents and guidance from the program advisory committee, the Rural Health Division has developed a program under the FLEX grant program to build leadership capacity, particularly for boards of trustees of Critical Access Hospitals (CAH) to assist them in the governing of the CAH facility.

Goal and key performance measures

The goal of the Rural Health Division is to promote equitable access to medical care and eliminate health disparities. Performance on two key measures is shown in the table below:

Agency Outcomes for FY2004 As reported to the LBB	2004 Target	2004 Actual	Percent of Annual Target
Number of primary care practitioners recruited to rural communities	72	70	97%
Number of grants and/or low-interest loans awarded	35	46	131%

Key Statistics

The following statistics summarize the Rural Health Program’s effectiveness and efficiency in developing and administering grant programs and services consistent with the program’s key performance objective and strategies:

Key statistics	
Applications received, number	600
Communities assisted through assessments and onsite and technical assistance workshops, number	65
Individuals funded (professionals, students), number	141
Grant awards to hospitals, number	207
Automated external defibrillators (AEDs) awarded, number	128

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

1989 – Center for Rural Health Initiatives created by the Omnibus Health Care Rescue Act (HB 18, 71st legislative session)

1991 – Outstanding Rural Scholar Recognition Program transferred from Higher Education Coordinating Board. Program was codified as Health and Safety Code, Subchapter C, Chapter 106.

1993 – Rural Physician Assistant Loan Reimbursement Program, codified as Texas Civil Statutes. Program established to encourage qualified physician assistants to practice in areas in rural Texas.

1998 – Texas Health Services Corps Program developed.

1999 – House Bill 1676 established the Permanent Fund for Rural Health Facility Capital Improvement Program to improve health services and healthcare infrastructure in rural communities with a population of less than 150,000 residents.

Texas Medicare Rural Hospital Flexibility Program developed as part of the Balanced Budget Act of 1997 (Public Law 105-33).

State Offices of Rural Health (SORH) grant program established in Texas. The federally funded program is authorized by Section 338J of the Public Health Service Act, 42 U.S.C. 254r.

2001 – The Center for Rural Health Initiatives became the agency's Rural Health Unit, in accordance with House Bill 7 of the 77th Legislature. The charge of the Rural Health Unit is to ensure access to and quality of health care services in rural Texas. All Center programs transferred to the agency.

House Bill 1877 creating the Rural Physician Relief Program passed. The newly formed Advisory Committee approved by the Executive Committee held their first meeting Spring 2005.

Rural Communities Health Care Investment Program established by Senate Bill 126 to assist rural communities in the recruitment and retention of health professionals to their communities.

The division worked to ensure continuity of services for rural Texans.

2002 – Small Rural Hospital Improvement Program (SHIP) Created by 1820 (g)(3) of the Social Security Act and the Department of Labor, HHS, Education and Related Agencies Appropriations Act of 2002.

2003 – The agency is awarded a Rural Access to Emergency Devices grant from the U.S. Health Resources and Services Administration (HRSA) to enhance the rural/frontier communities' ability to reduce mortality by providing early access to defibrillation through the placement of AEDs.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

The programs administered by the Rural Health Division address varying needs and therefore have differing eligibility requirements. To understand who and what the programs affect, one must first understand the basic definitions used by the Rural Health Division. For complete explanations of various definitions of “rural” or definitions that impact the definition of “rural” please refer to the agency’s SER glossary.

Three key definitions from the U.S. Office of Management and Budget (OMB) impact the agency’s rural health programs. Counties in Texas are defined as belonging to either a metropolitan statistical area, a micropolitan statistical area, or being outside either area, as follows:

- **“Metropolitan statistical areas”** have at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties. Using this definition, there are 77 counties in Texas that are part of a metropolitan statistical area. Metropolitan counties range in population from 1,771 (Irion County) to 3.4 million (Harris County).
- **“Micropolitan statistical areas”** have at least one urban cluster of at least 10,000 but less than 50,000 population, plus a high degree of social and economic integration with the core as measured by commuting ties. Using this definition, there are 44 counties that are part of a micropolitan statistical area. These micropolitan counties range in population from 414 (Kenedy County) to 80,130 (Angelina County).
- There are 133 **nonmetropolitan counties** in Texas, which are counties not located in a metropolitan statistical area or micropolitan statistical area. These nonmetropolitan counties range in population from 67 (Loving County) to 48,140 (Van Zandt County) and are sometimes described as “deeply rural.”

The U.S. Department of Agriculture [USDA] uses **rural-urban continuum codes** to distinguish metropolitan counties by size and non-metropolitan counties by their degree of urbanization or proximity to metropolitan areas. The metropolitan and non-metropolitan categories have been subdivided into three metropolitan and six non-metropolitan groupings.

The Bureau of the Census defines an **urbanized area (UA)** by population density. Under this definition, all persons living in UA's and in places (cities, towns, villages, etc.) with a population of 2,500 or more outside of UA's are considered the urban population. All others are considered rural.

In addition, the agency’s health programs also use Medically Underserved Areas and Health Professional Shortage Areas as additional requirements for some programs.

A **Medically Underserved Area (MUA)** is a designation assigned to areas or populations having a shortage of personal health services according to U.S. Department of Health and Human Services' rules. Eligibility for designation as an MUA is based on a comparison of an area’s population to national statistics for four health care indicators. These four indicators are: percentage of elderly population (over 65 years); poverty rate; infant mortality rate; and the ratio of primary care physicians per 1,000 population. In Texas, there are 176 whole county Medically Underserved Areas, and 88 partial county Medically Underserved Areas.

Health Professional Shortage Area (HPSA) includes geographic areas, population groups and facilities recognized as having an acute shortage of primary care physicians, dentists, and mental health professionals. Generally, there are three major components of the HPSA criteria: a rational service area, a population-to-physician ratio, and accessibility of populations to primary care resources in surrounding areas. Texas has 122 whole-county HPSAs and 41 partial-county HPSAs.

Below are listed the health programs and their various eligibility requirements.

Program	Eligibility Requirements
Capital Improvement Loan Fund	<p>Eligible Hospital: A hospital must be a general or special hospital licensed under the Health and Safety Code, Chapter 241 that is owned or operated by a municipality, county, municipality and county, hospital district, or hospital authority and that performs inpatient or outpatient services.</p> <p>Eligible County: The hospital must be located in a county with a population of 150,000 or less, or, if county population is more than 150,000, the hospital must be located in a geographic area of the county that is not delineated as urbanized by the federal census bureau.</p>
Rural Communities Health Care Investment Program	<p>Eligible Community: A community located in a county with a population of 50,000 or less and designated under state or federal law as either HPSA or MUA or designated by the agency as a medically underserved area.</p> <p>Eligible Health Care Professional: Any provider of health care or health related services, other than a physician, who holds a license, certificate, registration, permit or other authorization required by law or a state agency rule that the individual must obtain in order to practice in a health care profession.</p>
Small Rural Hospital Improvement Program	<p>Eligible Hospitals: A small hospital is defined as one with 49 available beds or less and a non-Federal, short term, general acute care facility.</p> <p>Eligible County: A county located outside a Metropolitan Statistical Area (MSA); or located in a rural census tract of a MSA as determined under the Goldsmith Modification or the Rural Urban Commuting Areas (RUCAs).</p>
Outstanding Rural Scholarship Program	<p>Eligible Sponsor: Must be located in a rural community (in a non-metropolitan county in Texas); be an entity with a council, board of trustees or commissioners which is responsible to the community in which it is located, and is legally authorized to raise funds, or accept grants, financial gifts, scholarship funds, or private foundation funds.</p> <p>Eligible Student: Must be 1) a Texas resident who has a commitment for financial support from a rural community sponsor and is enrolled or intends to enroll in an eligible academic institution of higher education to become a health care professional; 2) a high school student who is in the upper 25% of the high school class or a college student who has a cumulative grade point average of 3.00 on a 4.00 scale; 3) or be an individual who has a high school diploma or equivalent and who has an eligible sponsor.</p> <p>Eligible Academic Institution: Must be a Texas institution of higher education which may be any public institution as defined in Texas Education Code, §61.003(8), or any nonprofit, independent institution as defined Texas Education Code, §61.222, or any other nonprofit health related school or program.</p>
Texas Health Service Corps Program	<p>Eligible County: Any county within Texas that is not designated as a Metropolitan Statistical Area.</p> <p>Eligible Community: A community located within a whole county Health Professional Shortage Area or whole county Medically Underserved Area.</p> <p>Eligible Resident Physician: A medical graduate of an allopathic or osteopathic medical school within the United States of America who is enrolled in a accredited residency training program in Texas.</p>
Rural Physician Relief Program	<p>Eligible Community: A community located in a county with a population not greater than 50,000 and designated a HPSA or a MUA or a medically underserved community designated by the agency.</p> <p>Eligible Physician: a person licensed to practice medicine in the state of Texas under Subtitle B, Title 3, Occupation Code.</p>
Medically Underserved Community-State Matching Incentive Program	<p>Eligible Community: A community located in an area of the state with a medically underserved population; or an area with a shortage of personal health services; or a population group designated as having a shortage of personal health services; or a community that meets criteria adopted by the board by rule, considering relevant demographic, geographic, and environmental factors. The community sponsor must also exist in perpetuity as a non-profit entity governed by council members, commissioners, or a board of trustees.</p> <p>Eligible Physicians: A physician practicing in any of the following medical specialties: family/general practice, general pediatrics, general internal medicine or general obstetrics/gynecology. The physician must hold a current, unrestricted license from the State Board of Medical Examiners; have successfully completed a primary care residency program approved by the Accreditation Council on Graduate Medical Education or the American Osteopathic Association; have contracted with an eligible community to provide primary care in the supporting community for at least two years; have never defaulted on nor currently owe a refund on any state, federal or local student financial aid; have authorized a credit check and background check, the results of which are satisfactory to the sponsoring community, and have never been convicted of a felony.</p>
Medicare Rural Hospital Flexibility Program	<p>Hospital Eligibility: A hospital must be located outside a Metropolitan Statistical Area as defined by the Office of Management and Budget; or in an area designated as rural according to the agency.</p>
Rural Access to Emergency Devices	<p>Statewide Eligibility: Must be located in a rural area as designated by the agency.</p>

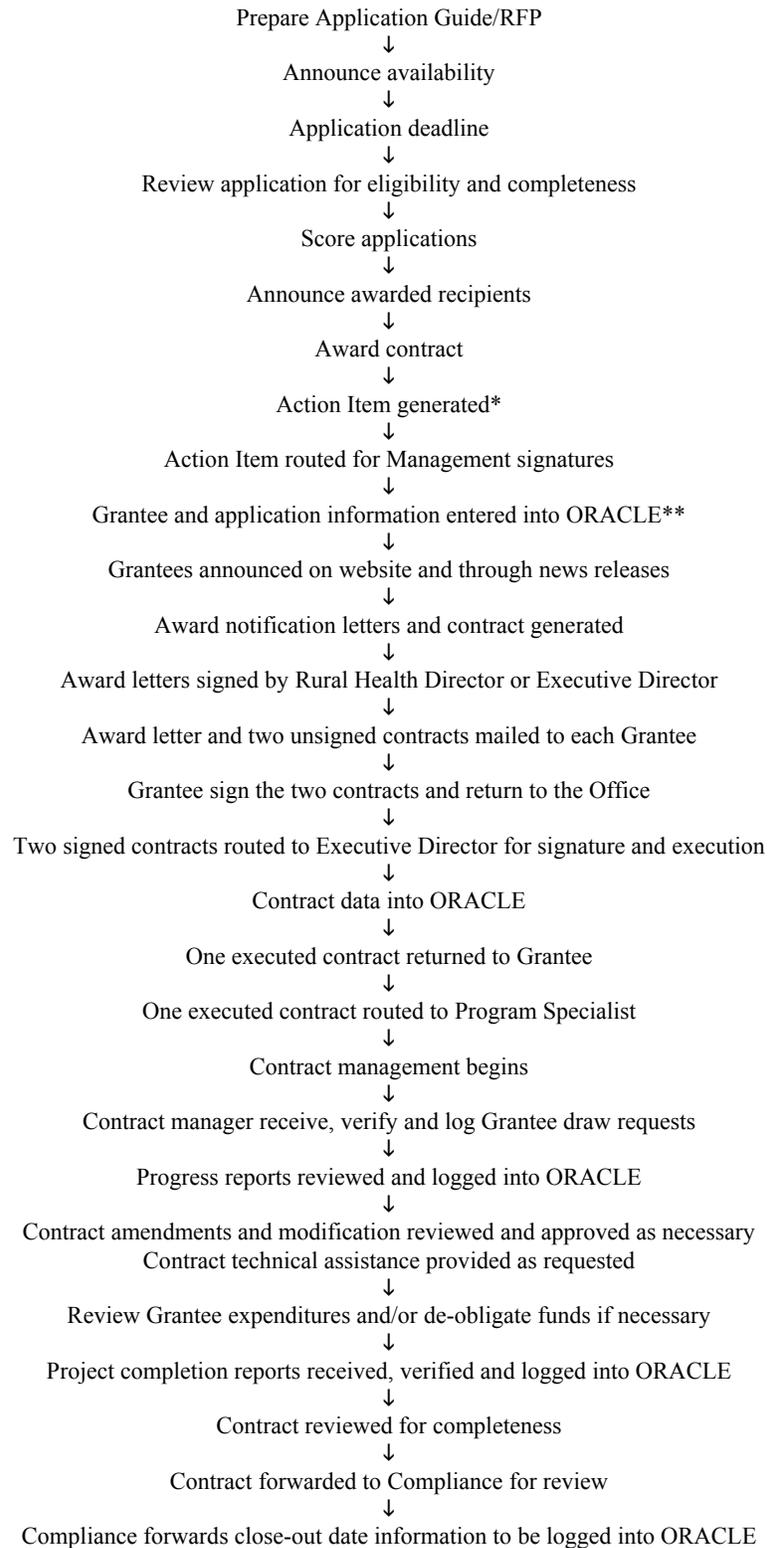
Below are listed the numbers of persons and/or entities affected for each program for FY2004.

Program	Number Affected
Capital Improvement Loan Fund	56 awards to hospitals
Rural Communities Health Care Investment Program	91 awards to health care professionals
Small Rural Hospital Improvement Program	105 awards to hospitals
Outstanding Rural Scholarship Program	27 awards to individuals
Texas Health Service Corps Program	7 awards to resident physicians
Medically Underserved Community-State Matching Incentive Program	10 awards to communities
Medicare Rural Hospital Flexibility Programs:	
Feasibility Studies	19 awards to facilities
Network Grants	One award
EMS Enhancement Grants	16 awards to organizations
Continuing Education Services	56 CAH hospitals
Trustee Education	12 CAH Hospitals
Rural Access to Emergency Devices	128 awards to communities

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

The Rural Health Division seeks comments on all aspects of the division's operations to assess the implementation and impact of various rural health programs. These forums include public hearings, work groups, committees, evaluation surveys, and public comments.

OFFICE OF RURAL COMMUNITY AFFAIRS
Rural Health Division Application and Contract Administration Flowchart



*Action Item – Agency internal routing sheet

**ORACLE – Contract tracking database

List any field or regional services.

The agency operates three field offices located in Levelland, Nacogdoches, and Alice, which enable the program and the agency to maintain a regional presence.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

B.1.1. Strategy: PRIMARY CARE ACCESS PROGRAMS	\$ 2,233,901
B.2.1. Strategy: HEALTH FACILITY CAPITAL IMPROVEMENT	\$ 2,190,000
Total, Goal B: EQUITABLE ACCESS TO MEDICAL CARE	\$ 4,423,901

Riders

Rider 6: Permanent Funds for Capital Improvement and Rural Communities Health Care Investment programs

Rider 6 provides authority for distribution of investment returns collected for the Permanent Fund Rural Health Facility Capital Improvement Account and the Permanent Endowment Fund for Rural Communities Health Care Investment Program.

Article 9: Rural Physician Relief Program

Article IX, Sec. 11.51 provides an annual cap of \$2,407,970 in contingency appropriations for House Bill 1877, Seventy-eight Legislature, Regular Session, which established the Rural Physician Relief Program. This contingency appropriation is budget authority only, and does not represent actual amount collected.

The major funding sources for rural health programs/functions and amounts for the programs/functions are provided in the table below:

TRHP programs	Source	Allocation
Medically Underserved Community-State Matching Incentive Program (MUC-SMIP)	Federal HRSA/ORHP & State General Revenue match (25%: 75%)	\$250,000 (\$187,500 GR/\$62,500 federal)
Medicare Rural Hospital Flexibility Program (FLEX)	Federal HRSA/ORHP	\$615,000
Permanent Fund for Rural Health Facility Capital Improvement (CILF)	State General Revenue - Dedicated	\$2,190,000
Rural Access to Emergency Devices Program (AED)	Federal HRSA/ORHP	\$244,110
Rural Community Health Care Investment Program (RCHIP)	State Tobacco Endowment Interest In 2004, additional general revenue was used \$169,578	\$356,996 \$187,418+ \$169,578 (GR Supplemental)
Small Rural Hospital Improvement Program (SHIP)	Federal HRSA/ORHP	\$1,011,712
State Office of Rural Health Grant (SORH)	Federal HRSA/ORHP Federal & State General Revenue match (25%: 75%)	\$600,000 Federal \$150,000 & State General Revenue \$450,000 match
Texas Health Service Corps Program (THSC)	General Revenue	\$100,000
Texas Outstanding Rural Scholar Recognition Program (ORS)	Federal HRSA/ORHP and General Revenue. Communities provide a 50% match	\$250,000 Total \$500,000 with 50% community match

*Amount does not include community match

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Agency program	Similar program	Differences or similarities
Permanent Fund for Rural Health Facility Capital Improvement Program	Community Hospital Capital Improvement Fund Program is external to the agency. The program is located at Texas Department of State Health Services (TDSHS)	Both coordinate capital improvement funds. The agency awards to rural hospital while TDSHS awards to urban hospitals. Urban awards are larger. The rural hospital must be located in a county with a population of 150,000 or less, or , if county population is more than 150,000, the hospital must be located in a geographic area of the county that is not delineated as urbanized by the federal census bureau.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency’s customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The agency avoids duplication of services between the Permanent Fund for Rural Health Facility Capital Improvement Program and the Community Hospital Capital Improvement Fund Program 1) through serving smaller counties while TDSHS works with larger counties and 2) by working with TDSHS to coordinate public referrals and interagency definitions of services. The rural hospital must be located in a county with a population of 150,000 or less, or, if county population is more than 150,000, the hospital must be located in a geographic area of the county that is not delineated as urbanized by the federal census bureau.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

The Rural Health division maintains a close working relationship with several local, regional and federal governmental entities to accomplish grant objectives and meet federal government requirements.

Local

The Rural Health Division works with local community health systems and collaborates with the various volunteer fire departments, emergency medical services and districts, law enforcement and other community responders to provide training support and other grant assistance. Rural hospital districts are eligible to apply for agency grants and participate in programs and services.

State

The agency works closely with the Texas Department of State Health Services. The Texas Department of Primary Care Offices deals with issues related to increasing access to areas of the state that are underserved, and the agency collaborates to assist in that effort. To facilitate the recruitment of primary care physicians and other high-demand health professionals the agencies share “Texas Practice Sites” database.

Universities

The agency works with institutions of higher education, including the Texas Tech University, Texas A&M University, and various health associations to accomplish certain objectives specified in the Texas Flex Program.

Federal

The U.S. Department of Health and Human Services, Health Resources Services Administration, Office of Rural Health Policy serves as a major source of funding for the agency and promotes State and local empowerment to meet rural health needs in several ways: by supporting State offices of rural health, by encouraging the formation of State rural health associations, and by working with state agencies to improve rural health.

K. If this program or function is contracted out; provide a description of how you ensure accountability for funding and performance.

Rural Health Division staff, under the guidance of and in consultation with the Director of Rural Health, Director of Finance, General Counsel, Director of Operations, and the Executive Director, worked closely with designated staff of the contracting parties to ensure programmatic, administrative, and fiscal compliance and accountability, pursuant to the contract, and to optimize program outcomes.

In FY 2004, the agency contracted with three different entities to accomplish specific tasks and objectives under the Texas Medicare Rural Hospital Flexibility (FLEX) Grant Program:

Interagency contract: Texas Tech University Health Sciences Center (TTUHSC)

The agency contracted HealthNet to provide certified healthcare continuing education programming and services to all designated Critical Access Hospitals (CAH) in Texas. Accountability of performance for the agency interagency agreements are ensured through the following mechanisms:

- A formal contract and agreement, which was negotiated, made, and entered into by and between the agency and the contract parties. The parties to contract have severally and collectively agreed and by the execution of the respective agreement were bound to the mutual obligations and to the performance and accomplishment of the task described in the individual agreement and contract.
- The contract contained obligations and requirements of the contracting parties, as well as provisions to govern the activities of the contract.

Interagency contract: Rural and Community Health Institute of the Texas A&M University Health Science Center

The agency contracted to develop and conduct an annual evaluation and analysis of the Texas Flex Program. Accountability of performance for agency interagency agreements are ensured through the following mechanisms:

- A formal contract and agreement, which was negotiated, made, and entered into by and between the agency and the contract parties. The parties to contract have severally and collectively agreed and by the execution of the respective agreement were bound to the mutual obligations and to the performance and accomplishment of the task described in the individual agreement and contract.
- The contract contained obligations and requirements of the contracting parties, as well as provisions to govern the activities of the contract.

Interagency contract or Memorandum of Understanding: Texas Healthcare Trustees

Texas Healthcare Trustees for the development of the Texas Critical Access Hospital Trustee Resource Guide. Accountability of performance for agency interagency agreements and contracts are ensured through the following mechanisms:

- A formal contract and agreement, which was negotiated, made, and entered into by and between the agency and the contract parties. The parties to contract have severally and collectively agreed and by the execution of the respective agreement were bound to the mutual obligations and to the performance and accomplishment of the task described in the individual agreement and contract.
- The contract contained obligations and requirements of the contracting parties, as well as provisions to govern the activities of the contract.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

The agency seeks revisions to statutes related to the Rural Physician Relief Program. The program was created to provide affordable relief services to rural physicians practicing in the fields of general family medicine, general internal medicine, and general pediatrics so that participating physicians may take time away from their practice. Current enabling legislation, Chapter 487, Government Code, Subchapter N, limits the agency's ability to establish cooperative agreements with other public or private entities for the purpose of improving program administration. Other states with similar programs collaborate with medical school programs and private recruiting firms to overcome obstacles such as liability insurance, physician contracting and billing and to fill rural community needs. Revising the statutes to provide the agency with the authority to consider contracting all or part of the program administration would enhance the services. In addition, it would limit the agency's liability if the agency had no direct financial involvement in transactions and served as a referral service only.

In addition, the agency seeks to remove rural health statutes for programs that are duplicative of other programs, lack sufficient funding and no longer exist; these include the Community Healthcare Awareness and Mentoring Program for Students (CHAMPS) (see Subchapter K, Chapter 487) and Health Careers Promotion and Education Program (see Subchapter E, Chapter 487).

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

N/A.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity.

N/A.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

N/A.

VIII. Statutory Authority and Recent Legislation

A. Fill in the following chart, listing citations for all state and federal statutes that grant authority to or otherwise significantly impact your agency. Do not include general state statutes that apply to all agencies, such as the Public Information Act, the Open Meetings Act, or the Administrative Procedure Act. Provide information on Attorney General opinions from FY 2001 - 2005, or earlier significant Attorney General opinions, that affect your agency's operations.

Office of Rural Community Affairs Exhibit 13: Statutes/Attorney General Opinions	
Statutes	
Citation/Title	Authority/Impact on Agency (e.g., Provides authority to license and regulate nursing home administrators)
Chapter 487, Government Code	Authorizes the agency.
Chapter 110, Health & Safety Code	Authorizes the Rural Texas Foundation.
Section 487.051(8), Government Code 42 U.S.C. Section 254r	Section 487.051(8), Government Code, requires the office to "ensure that the office qualifies as the state's office of rural health for the purpose of receiving grants from the Office of Rural Health Policy of the United States Department of Health and Human Services under 42 U.S.C. Section 254r. 42 U.S.C. Section 254r authorizes the Secretary of Health and Human Services, acting through the Director of the Office of Rural Health Policy...to make grants to States for the purpose of improving health care in rural areas through the operation of State offices of rural health.
Section 487.051(9), Government Code 42 U.S.C. Section 1395i-4	Section 487.051(8), Government Code, requires the office to "manage the state's Medicare rural hospital flexibility program under 42 U.S.C. Section 1395i-4." 42 U.S.C. Section 1395i-4 gives each State that meets the eligibility criteria the ability to administer the state's Medicare rural hospital flexibility program.
The Housing and Community Development Act of 1974, as amended.	Gives each State the opportunity to administer CDBG funds for non-entitlement areas.
Section 204.104, Occupations Code	Requires the agency to administer the Rural Physician Assistant Loan Reimbursement Program.
Section 2306.6723, Government Code	Requires the agency to "jointly administer" any set aside for rural areas for the Low Income Housing Tax Credit Program.
Attorney General Opinions	
Attorney General Opinion No.	Impact on Agency
Attorney General issued Opinion No. JC-0570 (Issued October 31, 2002).	The Attorney General stated, "there can be no doubt about the legislative intent regarding the duties of the Rural Foundation. The purpose of the Rural Foundation is to raise money to finance health programs". Therefore, the Rural Foundation was not authorized to raise money for programs in rural Texas not health related. The affect of this ruling was to delay the operation of the Rural Foundation until the Legislature amended its enabling legislation to incorporate additional authority and responsibilities of the Rural Foundation (SB 446, 78R). The agency has since hired an additional employee with the responsibility provide support to the activities of the Rural Foundation.

B. Provide a summary of recent legislation regarding your agency by filling in the chart below or attaching information already available in an agency-developed format. Briefly summarize the key provisions. For bills that did not pass, briefly explain the key provisions and issues that resulted in failure of the bill to pass (e.g., opposition to a new fee, or high cost of implementation).

Office of Rural Community Affairs Exhibit 14: 79th Legislative Session Chart		
Legislation Enacted - 79th Legislative Session		
Bill Number	Author	Summary of Key Provisions
HB 775	Representative Veronica Gonzales	HB 775 requires the office to adopt a rule, not later than November 1, 2005, requiring a political subdivision that receives community development block grant program money targeted toward street improvement projects to allocate not less than five percent but not more than 15 percent of the total amount of targeted money to providing financial assistance to colonias within the political subdivision to enable the installation of adequate street lighting in those colonias.
HB 916	Representative Beverly Woolley	The agency would be required to participate in the proposed Texas Health Workforce Planning Partnership, which would be a standing subcommittee of the Texas Health Care Policy Council.
HB 925	Representative Norma Chavez	Creates an interagency work group on border issues to improve coordination of government programs and services offered in the border area.
HB 1747	Representative Jim Keffer	Creates the Texas Entrepreneurship Network (TEN) and the Texas Entrepreneurship Network Fund, a general revenue fund administered by the Texas Department of Agriculture. The agency would be a member of the network.
HB 1982	Representative Roy Blake	Creates a new program within the Texas Department of Agriculture to promote Texas as a retirement destination to retirees and potential retirees, assist communities in their efforts to market themselves as desirable retirement locations, assist in the development of retirement communities for economic development purposes and encourage tourism. Requires the department to consult with the Office of Rural Community Affairs to establish parameters for certification of rural communities.
HB 2619	Representative Glenn Hegar	Requires the agency to create a program that will provide rural communities with information, training, and technical assistance related to ESDs.
SB 1	Senator Steve Ogden	General Appropriations Act
SB 827	Senator Judith Zaffirini	Requires the Secretary of State to establish and maintain a classification system to track state-funded projects related to water/wastewater services, paved roads to colonias, and other assistance to colonias in conjunction with a statewide system for identifying colonias. It would require the colonias ombudsman, Office of Rural Community Affairs, the Texas Water Development Board, the Texas Department of Housing and Community Affairs, the Department of State Health Services, and the Texas Transportation Commission to report information to the Secretary of State for the classification system and the Secretary of State to compile the reported information
HB 1126	Senator Carlos Uresti	Requires DSHS to compile, organize, and release health outcome data collected under Chapters 104 and 191 of the Health and Safety Code according to specified geographic areas. DSHS would be required to consult with stakeholders to define rural and urban areas. (The agency is listed as a stakeholder)
SB 1202	Senator Eddie Lucio	Expands the list of agencies involved with colonia initiatives and requires the colonia initiatives coordinator to work with those agencies on colonia projects.
SB 1686	Senator Craig Estes	Allows the governor to designate a representative to provide these services to the state, specifically in rural areas, as a member of the work group.

Legislation Not Passed - 79th Legislative Session		
Bill Number	Author	Summary of Key Provisions/Reason the Bill Did Not Pass
HB 1167	Representative Robert Talton	HB 1167 amends Section 2306.6723 (a), Government Code, to require the department (TDHCA) to jointly administer with the rural development agency the allocations for, rather than the set-aside for, rural areas to: <ul style="list-style-type: none"> ensure the maximum use and optimum geographic distribution of housing tax credits in rural areas; and provide for information sharing, efficient procedures, and fulfillment of development compliance requirements in rural areas. <p>The bill strikes the following language—"To ensure that the rural area set-aside receives a sufficient volume of eligible applications, the department shall fund and, with the rural development agency, shall jointly implement outreach, training, and rural area capacity building efforts as directed by the rural development agency." Last action: 05/10/2005 H Point of order sustained.</p>
HB 2468	Representative Fred Brown	Requires the Texas State Board of Medical Examiners to reduce expenditures by eliminating the physician assistant loan reimbursement program, as described by Section 204.104, Occupations Code, under the Office of Rural Community Affairs. Last action: Introduced 03/15/2005 H Referred to Appropriations.
HB 2479	Representative Diane White Delisi	CSHB 2479 requires the agency's executive director, in consultation with the governor, to designate one employee from the agency to serve as a liaison for faith- and community-based organizations. CSHB 2479 then outlines the general duties of a liaison and requires a faith- and community-based initiatives liaison. Last action: House Committee 05/12/2005 H Placed on General State Calendar.
HB 2597	Representative Ryan Guillen	Last action: Language is included in SB 827.
HB 2882	Representative Warren Chisum	Changes the name of the Office of Rural Community Affairs to the Texas Department of Rural Community Affairs. Last action: Introduced 03/17/2005 H Referred to Urban Affairs.
HB 3179	Representative Phil King	Relating to the promotion of fair competition and intermodal parity among communications service providers, including municipal and state authority with regard to providers. Last action: House Committee 05/12/2005 H Placed on General State Calendar.
SB 67	Senator Elliot Shapleigh	SB 67 would abolish the Texas Health Service Corps in the Rural Health Division at the agency and transfer the funds to the Texas Higher Education Coordinating Board to create the Border Health Corps. The bill would change the use of the funds from stipends to loan repayment and broaden the scope of the program to include specialists, sub-specialists, dentists and nurses. Currently, eligibility for participation is statewide. Under SB 67, eligibility for the program would be limited to the "Texas-Mexico border region," as established by Section 2056.002, Government Code. Last action: Introduced 03/14/2005 S No action taken in subcommittee.
SB 647	Senator Eddie Lucio	Last action: Companion to HB 775.
SB 1069	Senator Frank Madla	Last action: Language is included into HB 1126.
SB 1321	Senator Todd Staples	Last action: Companion bill to HB 1982.
SB 1338	Senator Frank Madla	The bill would amend the Government Code related to the allocation of Community Development Block Grant (CDBG) program funds. The Office of Rural Community Affairs (ORCA) would be required to set aside at least 4 percent of available CDBG program funds to address rural housing needs. Last action: Introduced 03/21/2005 S Referred to Intergovernmental Relations.
SB 1341	Senator Frank Madla	SB 1341 provides clarification to the agency to allow it to focus on providing affordable housing and partnering with housing sponsors. Also focuses on the allocation processes and the computation of the regional allocation formula to allow for the department to address housing needs across the state without overreaching its authority. Last action: House Committee 05/20/2005 H Committee report sent to Calendars.
SB 1615	Senator Steve Ogden	Companion to HB 2468.
SB 1645	Senator Elliot Shapleigh	SB 1645 directs the Texas Department of Housing and Community Affairs to work with the Department of Information Resources and other state agencies with housing resources to create an Internet portal that serves as a single point of access for state and federal resources regarding housing needs. Last action: House Committee 05/20/2005 H Committee report sent to Calendars.
SB 1711	Senator Todd Staples	Companion to HB 1747.
SB 1749	Senator Kyle Janek	Creates a health workforce planning partnership to improve access to an appropriate and effective health workforce. Last action: 05/12/2005 H Referred to Public Health.
SCR 13	Senator Frank Madla	Directs the Texas Department of Housing and Community Affairs' Office of Colonia Initiatives and the Office of Rural and Community Affairs to jointly conduct a study of the current status and needs of non-border colonias and to submit a full report of the findings. Last action: 03/21/2005 S Referred to Intergovernmental Relations.

IX. Policy Issues

Policy issue #1

A. Brief Description of Issue

Administration of the agency’s various healthcare programs could be simplified by authorizing the agency to determine certain definitions, namely “rural community” and “medically underserved area.”

B. Discussion

What specific problems or concerns are involved in this issue?

The agency’s statute (Chapter 487, Government Code) has two definitions that need to be modified, including “rural community” and “medically underserved area.”

Rural community

Issue: A change to the federal definition of “metropolitan” and a new definition of “micropolitan” has greatly reduced the number of communities that are eligible for the agency’s Outstanding Rural Scholar Recognition and Loan Program for Rural Health Care (ORS program).

In Subchapter D, relating to the ORS program, "rural community" is defined in Section 487.101, Government Code, to mean “a municipality in a nonmetropolitan county as defined by the United States Census Bureau in its most recent census.”

This definition has become problematic because of the U.S. Office of Management and Budget reclassified many counties in Texas, redefined nonmetropolitan and metropolitan, and added a new definition—micropolitan.

Nonmetropolitan, micropolitan, and metropolitan counties are now defined as follows:

- “Metropolitan Statistical Areas or MSAs” have at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties. Using this definition, there are 77 urban counties in Texas. These counties range in population from 1,771 (Irion County) to 3.4 million (Harris County).
- “Micropolitan Statistical Areas or MiSAs” have at least one urban cluster of at least 10,000 but less than 50,000 population, plus a high degree of social and economic integration with the core as measured by commuting ties. Using this definition, there are 44 micropolitan counties in Texas. These counties range in population from 414 (Kenedy County) to 80,130 (Angelina County).
- There are 133 nonmetropolitan counties in Texas, which are counties not located in a Metropolitan Statistical Area or Micropolitan Statistical Area. These counties range in population from 67 (Loving County) to 48,140 (Van Zandt County) and are sometimes described as “deeply rural.”

The agency lacks discretion in defining a community in a micropolitan statistical area as a “rural community” for the purposes of the ORS program. Forty-four counties in Texas are affected.

New micropolitan counties (44 counties)

Anderson	Dawson	Hockley	Kerr	Navarro	Starr	Willbarger
Andrews	Deaf Smith	Hood	Kleberg	Nolan	Titus	Willacy
Angelina	Erath	Hopkins	Lamar	Palo Pinto	Uvalde	
Bee	Gray	Howard	Matagorda	Reeves	Val Verde	
Brown	Hale	Hutchinson	Maverick	Roberts	Walker	
Cherokee	Harrison	Jim Wells	Moore	Scurry	Washington	
Cooke	Henderson	Kenedy	Nacogdoches	Somervell	Wharton	

Also, 22 former nonmetropolitan counties were reclassified as metropolitan. For example, Irion County (with a 2000 Census population of 1,771) is now considered metropolitan. The agency lacks discretion in defining a community in a smaller metropolitan statistical area as a “rural community” for the purposes of the program. Twenty-two counties in Texas are affected.

New Metropolitan Counties (22 counties)

Aransas	Bandera	Carson	Goliad	Lampasas	San Jacinto
Armstrong	Burleson	Clay	Irion	Medina	Wise
Atascosa	Calhoun	Crosby	Jones	Robertson	
Austin	Callahan	Delta	Kendall	Rusk	

Medically underserved community and area

Issue: The agency has the authority to define a “medically underserved community” for the Medically Underserved Community-State Matching Incentive Program, but lacks the authority to define a “medically underserved area” for the Texas Health Service Corps Program.

Subchapter F, relating to the Medically Underserved Community-State Matching Incentive Program, defines “medically underserved community” in Section 487.201, Government Code, and allows the agency discretion in defining such a community if the agency considers a community “to be medically underserved based on relevant demographic, geographic, and environmental factors.”

Subchapter G, relating to the Texas Health Service Corps Program, does not provide the agency with the same flexibility in meeting the needs of rural areas and defines “medically underserved area” in Section 487.251, as follows:

"Medically underserved area" means an area designated by the United States secretary of health and human services as having:

- (A) a shortage of personal health services or a population group that has such a shortage as provided by 42 U.S.C. Section 300e-1(7); or
- (B) a health professional shortage as provided by 42 U.S.C. Section 254e(a)(1).

C. Possible Solutions and Impact

A possible solution would be to authorize the agency to define “rural community” and “medically underserved area” for the purposes of its various programs.

Policy issue #2

A. Brief Description of Issue

Local leaders are key to a community's capacity to act, and to its long-term success. State and federal programs work well only when local leaders are equipped with appropriate skills and information, and when they are organized to pursue goals. In the presence of such local leadership, state funds and programs are highly leveraged and produce tremendous results. In their absence, state dollars are inefficient at best and at worst, wasted.

In its powers and duties, the agency is required "to develop programs to improve the leadership capacity of rural community leaders." After establishment of operations in 2002, the agency administered a state program providing information, advice and training to officials of communities of less than 10,000 people.

The Strategy for this program (Train local officials), which was funded at \$310,274 in 2002 and at \$309,566 in 2003 in the General Appropriations Act for 2002-2003, was not continued in the General Appropriations Act for 2004-2005. This has diminished the capacity of the agency to meet its statutory requirement "to develop programs to improve the leadership capacity of rural community leaders."

B. Discussion

In its continuing efforts "to develop programs to improve the leadership capacity of rural community leaders," the agency has instituted training for board members of critical access hospitals to:

- Encourage continuing education for all members of critical access hospital boards of trustees; and
- Assist trustees in the governance of a critical access hospital.

The agency has developed a leadership program inventory and made this inventory available on the agency website.

C. Possible Solutions and Impact

A potential solution is reinstatement of the strategy and funding for training local officials. A benefit of the recommended change would be improved use of state and federal funds by local leaders.

The agency seeks to expand opportunities for leadership and capacity building beyond its current efforts, such as training for critical access hospital board members.

X. Other Contacts

A. Fill in the following chart with updated information on people with an interest in your agency, and be sure to include the most recent e-mail address.

OFFICE OF RURAL COMMUNITY AFFAIRS				
Exhibit 15: Contacts				
INTEREST GROUPS				
(groups affected by agency actions or that represent others served by or affected by agency actions)				
Group or Association Name	Contact	Address	Telephone	E-mail
TX Academy Of Physician Assistants	Lisa Jackson	401 W 15th St, Austin, TX 78701-1680	512-280-7655	lisa.jackson@texmed.org
TX Assn of Counties	Sam D Seale	PO Box 2131, Austin, TX 78768-2131	512-478-8753	sams@county.org
TX Assn of Regional Councils	Penny Redington	1305 San Antonio Street, Austin, TX 78701	512-478-4715	tarc@txregionalcouncil.org
TX Assn Of Rural Health Clinics	Ramsey L Longbothom	1104 N Terrell, Cuero, TX 77954	361-576-2940	ramsey@tarhc.org
TX Healthcare Trustees	Mary Walker	PO Box 15587, Austin, TX 78761-5587	512-465-1051	mwalker@tha.org
TX Hospital Assn	Richard Hoeth	PO Box 15587, Austin, TX 78761-5587	512-465-1551	rhoeth@tha.org
TX Municipal League	John Philpot	1821 Rutherford Lane, Austin, TX 78754-5128	512-231-7400	fsturzl@tml.org
TX Nurses Assn	Joyce Cunningham	7600 Burnet Rd, Austin, TX 78757-1283	512-452-0645	jcunningham@texasnurses.org
TX Org Of Rural & Cmnty Hosp	John Boff	PO Box 14547, Austin, TX 78761-4547	512-873-0045	torch@torchnet.org
TX Rural Health Assn	Bob Turner	3909 E Everglade Ave, Odessa, TX 79762-7050	(512) 299-9530	bturner@tvdg.com
INTERAGENCY, STATE OR NATIONAL ASSOCIATIONS				
(that serve as an information clearinghouse or regularly interact with your agency)				
Group or Association Name	Contact	Address	Telephone	E-mail
American Hospital Assn, Section for Small or Rural Hospitals	John Supplitt	One North Franklin, 27th Floor	312-422-3000	jsupplitt@aha.org
Texas Economic Development Council	Carlton Schwab	1300 Guadalupe, Suite 107 Austin, Texas 78701	512-480-8432	carlton@texasedc.org
Assn of Rural Communities In TX	Donna Chatham	PO Box 200847 Austin, TX 78720-0847	512-331-1354	donna@arcit.org
Council of State Community Development Agencies	Dianne Taylor	1825 K Street, Suite 515, Washington, DC 20006	202-293-5820	dtaylor@coscda.org
County Judges & Commissioners Association of Texas	Van L York	402 W. 12th Street Austin, TX 78701	(512) 482-0701	bordencj@poka.com
Deep East Texas County Judges & Commissioners Association	Charles W. Simmons	101 West Main Street, Suite 130 Nacogdoches, TX 75961	936-560-7784	
Far West Texas County Judges and Commissioners Association	J. H. Kent	103 West Callaghan Street Fort Stockton, TX 79735	(432) 639-2841	
National Association of	Bill Finerfrock	200 10th Street, Des Moines, IA	515-280-1944	bf@capitolassociates.com

Rural Health Clinics		50309		
National Rural Health Association	Alan Morgan	One West Armour Blvd., Ste. 203, Kansas City, MO 64111	816-756-3140	morgan@nrharural.org
North & East Texas County Judges & Commissioners Association	Richard Cortese	P.O. Box 768 Belton, TX 76513	254) 933-5101	
Panhandle County Judges & Commissioners Association	Oscar Przilas	P.O. Box 428 Dalhart, TX 79022	(806) 249-5702	comm2@dallam.org
South Texas County Judges & Commissioners Association	Edmundo Garcia, Jr.	P.O. Box 189 San Diego, TX 78384	(361) 279-3322 x204	
State Firemen's & Fire Marshals' Association of Texas	Helen Johnson	4450 Frontier Trail, Austin, TX 78745	(512) 454-3473	hjohnson@sffma.org
Texas Rural Communities, Inc.	Sandra Tenorio	1524 South IH 35, Ste. 232 Austin, TX 78704	(512) 219-0468	sandra.t@texasrural.org
TX Academy Of Physician Assistants	Lisa Jackson	401 W 15th St, Austin, TX 78701-1680	512-280-7655	lisa.jackson@texmed.org
TX Assn Of Cmnty Health Ctrs	Jose Camacho	2301 S Capital Of TX Hwy Bldg H, Austin, TX 78746-7700	512-329-5959	jcamacho@tachc.org
TX Assn of Counties	Sam D. Seale	PO Box 2131, Austin, TX 78768-2131	512-478-8753	sams@county.org
TX Assn of Regional Councils	Penny Redington	1305 San Antonio Street, Austin, TX 78701	512-478-4715	tarc@txregionalcouncil.org
Tx Farm Bureau Rural Health Assn	Don Neumann	PO Box 2689 Waco, TX 76702-2689		
TX Healthcare Trustees	Mary Walker	PO Box 15587, Austin, TX 78761-5587	512-465-1051	mwalker@tha.org
TX Hospital Assn	Richard Hoeth	PO Box 15587, Austin, TX 78761-5587	512-465-1551	rhoeth@tha.org
TX Nurses Assn	Joyce Cunningham	7600 Burnet Rd, Austin, TX 78757-1283	512-452-0645	jcunningham@texasnurses.org
TX Org Of Rural & Cmnty Hosp	John Boff	PO Box 14547, Austin, TX 78761-4547	512-873-0045	torch@torchnet.org
TX Rural Partners	Cheryl	8140 Burnet Rd Ste 218 Austin, TX 78757-7799	512-499-8347	texasruralpartners@austin.rr.com
West Texas County Judges & Commissioners Association	Don Allred	P.O. Box 195 Vega, TX 79092	(806) 267-2607	dnallred@amaonline.com

LIAISONS AT OTHER STATE AGENCIES

(with which your agency maintains an ongoing relationship, e.g., the agency's assigned analyst at the Legislative Budget Board, or Attorney at the Attorney General's office)

Group or Association Name	Contact	Address	Telephone	E-mail
Office of the Governor	Amanda Arriaga	P.O. Box 12428, Austin, TX 78711-2428	512-463-1778	amanda.arriaga@governor.state.tx.us
Office of the Lieutenant Governor	John Sneed	P.O. Box 12068, Austin, TX 78711	512-463-0001	john.sneed@ltgov.state.tx.us
Speaker of the Texas House of Representatives	David Weber	P.O. Box 2910, Austin, TX 78768-2910	512-463-1000	david.weber@house.state.tx.us
Governor's Division of Emergency Management	Duke Mazurek	Texas Department of Public Safety, Emergency Management Service, P O Box 4087 Austin, TX 78773	512 424-2876	duke.mazurek@txdps.state.tx.us
Governor's Office of Faith-Based and Community	Beau Egert	OneStar Foundation, 816 Congress, Suite 900 Austin, TX 78701	512-473-2140	onestar@onestarfoundation.org

Initiatives				
Federal Emergency Management Agency	Dennis Lee	Region VI, Federal Center, 800 North Loop 288 Denton, Texas 76201, TX 76201	(940) 898-5380	dennis.lee@dhs.gov
Office of State-Federal Relations	Ed Perez, Tony Gilman	PO Box 13005, Austin TX 78701	202-638-3927	eperez@osfr.state.tx.us
Office of the Attorney General	George Noelke	PO Box 12548, Austin, TX 78711-2548	512-475-3206	george.noelke@oag.state.tx.us
USDA Rural Development	Bryan Daniel	101 S Main St Ste 102 Temple, TX 76501	254-742-9700	bryan.daniel@tx.usda.gov
Secretary of State	Yvette Sanchez	P.O. Box 12887, Austin, Texas 78711-2887	512-463-8948	ysanchez@sos.state.tx.us
Public Utility Commission of Texas	W Lane Lanford	1701 N. Congress, Austin, TX 78701	512-936-7200	lane.lanford@puc.state.tx.us
Railroad Commission of Texas	Ronald Kitchens	1701 N. Congress, Austin, TX 78701	512-463-7086	ronald.kitchens@rrc.state.tx.us
Texas Agricultural Extension Service	Greg Taylor	7101 TAMU, College Station, TX 77843	979-845-4747	eamurano@ag.tamu.edu
Texas Cancer Council	Sandra Balderrama	PO Box 12097 Austin, TX 78711-2097	512-463-3190	sbalderrama@tcc.state.tx.us
Texas Comm on State Emergency Communications	Paul Mallett	333 Guadalupe Ste 2-212 Austin, TX 78701	512-305-6920	paul.mallett@csec.state.tx.us
Texas Commission on Environmental Quality	Jennifer Ahrens	P.O. Box 13011, Austin, TX 78701	512-239-0027	jahrens@tceq.state.tx.us
Texas Comptroller of Public Accounts	Troy Glasson	111 E. 17th Street, Austin, TX 78701	(512) 463-4444	troy.glasson@cpa.state.tx.us
Texas Department of Aging and Disability Services	Jacque Shillis	701 E. 51st Street, Austin, TX 78751	512-438-5319	jshillis@dads.state.tx.us
Texas Department of Agriculture	Robert Wood	P.O. Box 12847, Austin, TX 78701	512-463-7577	robert.wood@agr.state.tx.us
Texas Department of Housing and Community Affairs	Edwina Carrington	501 Sabine, Suite 400, Austin, TX 78701	512-475-3800	edwina.carrington@tdhca.state.tx.us
Texas Department of Insurance	Mike Geeslin	333 Guadalupe, Austin, TX 78701	512-463-6123	mike.geeslin@tdi.state.tx.us
Texas Department of State Health Services	Eduardo Sanchez	1100 W. 49th Street, Austin, TX 78756	512-458-7111	eduardo.sanchez@dshs.state.tx.us
Texas Department of Transportation	Mike Behrens	125 E. 11th Street, Austin, TX 78701	512-305-9501	mbehren@dot.state.tx.us
Texas Economic Development and Tourism Office	Tracy McDaniel	1700 N. Congress, Austin, TX 78701	512-936-0258	tmcdaniel@governor.state.tx.us
Texas Education Agency	Shirley Neeley	1701 N. Congress, Austin, TX 78701	512-463-9734	shirley.neeley@tea.state.tx.us
Texas Higher Education Coordinating Board	Stacey Silverman	1200 East Anderson Lane, Austin, TX 78752	512-427-6206	stacey.silverman@thehb.state.tx.us
Texas Historical Commission	Lawrence Oaks	P.O. 12276, Austin, TX 78701	512-463-6100	lawrence.oaks@thc.state.tx.us
Texas Parks and Wildlife Department	Robert Cook	4200 Smith School Road, Austin, TX 78744	512-389-4802	robert.cook@tpwd.state.tx.us
Texas State Soil and Water Conservation Board	Rex Isom	PO Box 658, Temple, TX 76503	254-773-2250	rex.isom@tsswc.state.tx.us
Texas Tech University Health Sciences Center	Patti Patterson	3601 4th Street, Lubbock, TX 79430	806.743.1000	patti.patterson@ttuhsc.edu

Texas Water Development Board	J Kevin Ward	1700 N. Congress, Austin, TX 78701	512-463-8033	kevin.ward@twdb.state.tx.us
Texas Workforce Commission	Larry Temple	101 E. 15th Street, Austin, TX 78701	512-463-0735	larry.temple@twc.state.tx.us
Department of Assistive and Rehabilitative Services	Glenn Neal	4800 N. Lamar Blvd., 3rd Floor, Austin TX 78756	512-424-0696	glenn.neal@dars.state.tx.us
State Office of Risk Management	Samuel Arant	P.O. Box 13777, Austin, TX 78711-3777	512-475-1440	samuel.arant@sorm.state.tx.us
Texas State Board of Medical Examiners	Denise Meyer	P.O. Box 2018, Austin, TX 78768-2018	512-305-7010	denise.meyer@tsbme.state.tx.us
Brazos AHEC	Kathleen Meyers	1710 Colcord St Ste 101 Waco, TX 76707	254-753-4392	kmyers@texnet.net
Capital AHEC	Becky Conditt	811 E 13th St Austin, TX 78702	512-472-8921	bconditt@capitalahec.org
Coastal AHEC	Leslie Hargrove	PO Box 939 La Marque, TX 77568	409-938-2284	lhargrove@cahectx.org
DFW AHEC	Lori Schell	5323 Harry Hines Blvd Dallas, TX 75390-8818	214-648-8340	lori.schell@utsouthwestern.edu
East Texas AHEC	Steven Shelton	301 University Blvd Galveston, TX 77555-1056	409-772-7884	steve.shelton@utmb.edu
Greater Houston AHEC	Dana Smith	5959 W Loop South Ste 206 Bellaire, TX 77401	713-592-6411	dsmith@ghahec.org
Lake Country AHEC	Helen Miner	11937 US Hwy 271 Tyler, TX 75708-3154	903-877-5788	hminer@uthct.edu
Lower Rio Grande Valley AHEC	Elaine Hernandez	311 N 15th St McAllen, TX 78501-4705	956-682-3481	ehernandez@lrgvdc.org
Mid Rio Grande Border AHEC	Gladys Keene	PO Box 2592 Laredo, TX 78044		mrgbahec@grandecom.net
Pecan Valley AHEC	Robbyn Michalka	1908 N Laurent Ste 285 Victoria, TX 77901	361-576-2337	michalka@pvahec.org
Piney Woods AHEC	Janis Ritter	PO Box 6123 SFA Station Nacogdoches, TX 75962	936-468-5835	jritter@pwahec.org
Prairie AHEC	Michael Denis	1512 E McKinney Ste 200 Denton, TX 76209	940-369-7808	mdenis@scs.unt.edu
South Coastal AHEC	Belinda Flores	2606 Hospital Blvd 5W Corpus Christi, TX 78405	361-902-6570	floresb@uthscsa.edu
West Texas AHEC	Pam Danner	3601 4th Street, STOP 6232, Lubbock, Texas 79430	806-743-1338	pam.danner@ttuhsc.edu
Winter Garden Border AHEC	Teresa Kypuros	500 Bedell Ave Del Rio, TX 78840-4859	830-775-4500	kypuros@uthscsa.edu
Alamo Area COG	Al J Notzon III	8700 Tesoro, Ste 700, San Antonio, TX 78217	210-362-5200	anotzon@aacog.com
Ark Tex COG	L D Williamson	PO Box 5307, Texarkana, TX 75505-5307	903-832-8636	ldwilliamson@atcog.org
Brazos Valley COG	Tom M Wilkinson Jr	PO Drawer 4128, Bryan, TX 77805-4128	979-595-2800	twilkinson@bvcog.org
Capital Area Planning Council	Betty Voights	2512 S IH-35 South, Ste 220, Austin, TX 78704	512-443-7653	bavoights@capco.state.tx.us
Central TX Council of Governments	Jim Reed	PO Box 729, Belton, TX 76513-0729	254-933-6036	jreed@centex.ct.cog.tx.us
Coastal Bend COG	John P Buckner	PO Box 9909, Corpus Christi, TX 78469-9909	361-883-5743	info@cbcog98.org
Concho Valley COG	Jeffrey Sutton	PO Box 60050, San Angelo, TX 76906-0050	915-944-9666	jsutton@cvcog.org
Deep East TX COG and Eco Dvlpmnt	Walter Diggles	210 Premier Drive, Jasper, TX 75951	409-384-5704	wdiggles@detcog.org
East TX COG	Glynn J Knight	3800 Stone Road, Kilgore, TX	903-984-8641	glynn.knight@twc.state.tx.us

		75662-6297		
Golden Crescent RPC	Joe E Brannan	568 Big Bend Drive, Victoria, TX 77904-	361-578-1587	gcrpc@icsi.net
Heart of TX COG - WDB	Anthony Billings	320 Franklin Avenue, Waco, TX 76701-2297	254-756-7822	abillings@hot.cog.tx.us
Houston-Galveston Area COG	Jack Steele	PO Box 22777, Houston, TX 77227-2777	713-627-3200	jack.steele@h-gac.com
Lower Rio Grande Valley Development Council	Kenneth N Jones, Jr.	311 North 15th Street, McAllen, TX 78501-4705	956-682-3481	knjones@lrgvdc.org
Middle Rio Grande Dvlpmnt Council	Leodoro Martinez, Jr.	PO Box 1199, Carrizo Springs, TX 78834-1199	830-876-3533	leodoro.martinez@mrgdc.org
Nortex Regional Planning Commission	Dennis Wilde	PO Box 5144, Wichita Falls, TX 76307-5144	817-322-5281	dwilde@texasconnection.org
North Central TX COG	Mike Eastland	PO Box 5888, Arlington, TX 76005-5888	817-640-3300	awebster@nctcog.org
Panhandle Regional Planning Commission	Gary Pitner	PO Box 9257, Amarillo, TX 79105-9257	806-372-3381	gpitner@prpc.cog.tx.us
Permian Basin Regional Planning Commission	Gary Gaston	PO Box 60669, Midland, TX 79711-0660	432-563-1061	pbrpc@basinlink.com
Rio Grande COG	Jake Brisbin Jr	1100 North Stanton, Ste 610, El Paso, TX 79902	915-533-0998	riocog@riocog.org
South East TX Regional Planning Commission	Chester R Jourdan	2210 East Tex Freeway, Beaumont, TX 77703	409-899-8444	cjourdan@setrpc.org
South Plains Assn of Governments	Tim Pierce	PO Box 3730 Freedom Station, Lubbock, TX 79452-3730	806-762-8721	tpierce@spag.org
South TX Development Council	Amando Garza, Jr.	PO Box 2187, Laredo, TX 78044-2187	(956) 722-3995	agarzajr@stdc.cog.tx.us
Texoma COG	Frances Pelley	1117 Gallagher, Ste 300, Sherman, TX 75090	903-813-3512	fpelley@texoma.cog.tx.us
West Central TX COG	James Compton	PO Box 3195, Abilene, TX 79604	325-672-8544	wtcoged@sbcglobal.net
Legislative Budget Board	Bill Compton	P.O. Box 12666, Capitol Station Austin, TX 78711	512-463-9655	bill.compton@lbb.state.tx.us
Natural Resources Conservation Service	Claude Ross	101 South Main Street Temple, TX 76501	(254) 742-9822	claudio.ross@tx.usda.gov

XI. Additional Information

- A. Fill in the following chart detailing information on complaints regarding your agency. Do not include complaints received against people or entities you regulate. The chart headings may be changed if needed to better reflect your agency's practices.

Office of Rural Community Affairs Exhibit 16: Complaints Against the Agency C Fiscal Years 2003 and 2004		
	FY 2003	FY 2004
Number of complaints received	1	2
Number of complaints resolved	1	2
Number of complaints dropped/found to be without merit	1	2
Number of complaints pending from prior years	0	0
Average time period for resolution of a complaint	~2 months	~2 months

- B. Fill in the following chart detailing your agency's Historically Underutilized Business (HUB) purchases.

Office of Rural Community Affairs Exhibit 17: Purchases from HUBs				
FISCAL YEAR 2002				
Category	Total \$ Spent	Total HUB \$ Spent	Percent	Statewide Goal
Heavy Construction	\$0	\$0	0%	11.9%
Building Construction	\$0	\$0	0%	26.1%
Special Trade	\$2,747	\$2,609	95%	57.2%
Professional Services	\$25,000	\$0	0%	20.0%
Other Services	\$202,726	\$29,705	14.7%	33.0%
Commodities	\$38,967	\$16,023	41.1%	12.6%
TOTAL	\$269,440	\$48,337	17.9%	

FISCAL YEAR 2003				
Category	Total \$ Spent	Total HUB \$ Spent	Percent	Statewide Goal
Heavy Construction	\$0	\$0	0%	11.9%
Building Construction	\$0	\$0	0%	26.1%
Special Trade	\$450	\$450	100%	57.2%
Professional Services	\$0	\$0	0%	20.0%
Other Services	\$167,909	\$24,016	14.3%	33.0%
Commodities	\$145,793	\$98,625	67.6%	12.6%
TOTAL	\$314,152	\$123,091	39.2%	
FISCAL YEAR 2004				
Category	Total \$ Spent	Total HUB \$ Spent	Percent	Statewide Goal
Heavy Construction	\$0	\$0	0%	11.9%
Building Construction	\$0	\$0	0%	26.1%
Special Trade	\$0	\$0	0%	57.2%
Professional Services	\$0	\$0	0%	20.0%
Other Services	\$162,823	\$28,898	17.7%	33.0%
Commodities	\$147,151	\$74,598	50.6%	12.6%
TOTAL	\$309,975	\$103,497	33.3%	

C. Does your agency have a HUB policy? How does your agency address performance shortfalls related to the policy?

The Office of Rural Community Affairs (ORCA) has an established Historically Underutilized Business Plan, which is documented in the Agency Strategic Plan. The goal of the plan is to use Historically Underutilized Businesses (HUBs) by establishing and carrying out policies governing purchasing contracts that foster meaningful and substantive inclusion of HUBs.

It is the policy of the agency to demonstrate a good faith effort to provide procurement and contracting opportunities for all businesses, including minority-owned businesses. The agency shall continue to make a “good faith effort” to assist HUBs to receive state contracts and to achieve the goals established for the agency. The agency shall make every effort to solicit bids and/or quotes from more than one HUB vendor in an effort to increase its HUB percentages.

D. For agencies with contracts valued at \$100,000 or more: Does your agency follow a HUB subcontracting plan to solicit bids, proposals, offers, or other applicable expressions of interest for subcontracting opportunities available for contracts of \$100,000 or more? (Tex. Government Code, Sec. 2161.252; TAC 111.14)

Yes.

E. For agencies with biennial appropriations exceeding \$10 million, answer the following HUB questions.

	Response / Agency Contact
1. Do you have a HUB coordinator? (Tex. Government Code, Sec. 2161.062; TAC 111.126)	Yes. Rebecca Valenzuela.
2. Has your agency designed a program of HUB forums in which businesses are invited to deliver presentations that demonstrate their capability to do business with your agency? (Tex. Government Code, Sec. 2161.066; TAC 111.127)	No. Since the agency's purchases are relatively small, the agency has sought participation and collaboration with other state agencies to comply with this objective.
3. Has your agency developed a mentor-protege program to foster long-term relationships between prime contractors and HUBs and to increase the ability of HUBs to contract with the state or to receive subcontracts under a state contract? (Tex. Government Code, Sec. 2161.065; TAC 111.128)	No. Since the agency's purchases are relatively small, the agency has sought participation and collaboration with other state agencies to comply with this objective.

F. Fill in the chart below detailing your agency's Equal Employment Opportunity (EEO) statistics.

Office of Rural Community Affairs							
Exhibit 18: Equal Employment Opportunity Statistics							
FISCAL YEAR 2002							
Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	Civilian Labor Force %	Agency	Civilian Labor Force %	Agency	Civilian Labor Force %
Officials/Administration	3	0%	7%	0%	11%	0%	31%
Professional	48	8.3%	9%	25%	10%	56.3%	47%
Technical			14%		18%		39%
Protective Services			18%		21%		21%
Para-Professionals	4	25%	18%	75%	31%	100%	56%
Administrative Support	1	0%	19%	0%	27%	100%	80%
Skilled Craft			10%		28%		10%
Service/Maintenance			18%		44%		26%

FISCAL YEAR 2003							
Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	Civilian Labor Force %	Agency	Civilian Labor Force %	Agency	Civilian Labor Force %
Officials/Administration	3	0%	7%	0%	11%	0%	31%
Professional	57	8.8%	9%	22.8%	10%	45.6%	47%
Technical			14%		18%		39%
Protective Services			18%		21%		21%
Para-Professionals	6	16.7%	18%	50%	31%	83.3%	56%
Administrative Support	2	0%	19%	0%	27%	100%	80%
Skilled Craft			10%		28%		10%
Service/Maintenance			18%		44%		26%
FISCAL YEAR 2004							
Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	Civilian Labor Force %	Agency	Civilian Labor Force %	Agency	Civilian Labor Force %
Officials/Administration	3	33.3%	7%	0%	11%	33.3%	31%
Professional	54	7.4%	9%	29.6%	10%	51.9%	47%
Technical			14%		18%		39%
Protective Services			18%		21%		21%
Para-Professionals	5	0%	18%	40%	31%	60%	56%
Administrative Support	2	0%	19%	50%	27%	100%	80%
Skilled Craft			10%		28%		10%
Service/Maintenance			18%		44%		26%

G. Does your agency have an equal employment opportunity policy? How does your agency address performance shortfalls related to the policy?

Does your agency have an equal employment opportunity policy?

Yes. The equal employment opportunity policy is documented in the agency's Personnel Policies and Procedures Manual. The agency is committed to promoting equal employment opportunity through a progressive program designed to provide equal opportunity without regard to race, color, sex, religion, national origin, age, disability or political affiliation or belief. The agency recruits, hires, trains, and promotes into all job levels the most qualified persons without regard to race, color, religion, sex, national origin, age, or disability status.

How does your agency address performance shortfalls related to the policy?

The agency's Personnel Policies and Procedures Manual includes a Hiring and Promotions Policy that defines recruitment/affirmative action policies and the monitoring efforts to ensure compliance.

The agency in its Personnel Policies and Procedures Manual addresses performance shortfalls, as follows: "As vacancies occur, ORCA shall conduct a workforce availability analysis to determine if any underutilization or exclusion has occurred in that job category. Based upon the workforce availability analysis, ORCA will conduct targeted recruitment of qualified candidates that are members of the underutilized or excluded classes."

XII. Agency Comments

The Office of Rural Community Affairs assists rural communities with community and economic development and healthcare so that those communities remain viable. Home to millions of people, rural Texas contributes to the economic strength and stability of the state, provides abundant human and natural resources, and serves as the basis for Texas' rich cultural identity.

The House Select Committee on Rural Development, in its interim report to the 77th Legislature, identified the need to institutionalize the state's focus on rural issues and stated, "Rural Texas can remain a vital social, cultural and economic partner to our thriving metropolitan neighbors, or it can serve as a drag on the state's vitality. All Texans have an interest in the former, rather than the latter, outcome."

The Office of Rural Community Affairs is a proud partner of rural communities and is committed to continuing to help rural Texans and rural communities achieve their goals in the most effective and efficient manner possible. The agency has made good progress so far as indicated by the following accomplishments:

- Since January 2002 (when the agency began operations), the agency has:
 - Created nearly 5,000 jobs in rural Texas through its Texas Capital Fund.
 - Awarded 1,232 grants (totaling \$345,550,998) to 692 rural communities and counties to assist those communities and counties with their community and economic development needs, thus benefiting 1,975,712 rural Texans. Of those rural Texans, 1,155,380 are persons of low to moderate income.
 - Awarded 87 grants (totaling \$23,527,694) to 73 rural communities and counties to assist those communities and counties with their disaster relief needs, thus benefiting 588,170 rural Texans. Of those rural Texans, 256,430 are persons of low to moderate income.
 - Awarded 192 grants (totaling \$61,053,164) to 135 rural communities and counties to provide first time water and wastewater service, thus benefiting 70,470 rural Texans. Of those rural Texans, 54,803 are persons of low to moderate income.
 - Awarded 1,145 grants (totaling \$18,349,643) to 572 rural communities and individuals to assist rural communities improve access to healthcare and improve healthcare facilities.
 - Awarded 172 grants (totaling \$8,332,736) to public and nonprofit hospitals through its Capital Improvement Loan Fund to improve the health services and healthcare infrastructure of Texas' rural communities by making capital improvements to existing facilities, constructing new health facilities, and purchasing capital equipment.
 - Awarded 388 grants (totaling \$127,771,317) to 167 communities, counties, and colonias along the Texas-Mexico Border to assist those communities, counties, and colonias in addressing community and economic development needs. As a result, 885,335 rural Texans along the Texas-Mexico border have benefited from the agency's assistance. Of those rural Texans along the Texas-Mexico border, 535,322 are persons of low to moderate income.
- The agency is the only source of state funds for disaster relief to repair public infrastructure. The agency has awarded 87 grants (totaling \$23,527,694) to 73 rural communities and counties to assist those communities and counties with their disaster relief needs, thus benefiting 588,170 rural Texans. Of those rural Texans, 256,430 are persons of low to moderate income. In 2005, to ensure that sufficient funds continue to be available for disaster relief, the agency's Executive Committee dedicated \$6.5 million from deobligated and program income for disaster relief projects above and beyond the annual disaster allocation of approximately \$3.3 million. In a FEMA declared disaster, the agency's disaster fund is the only state source of money for the 25 percent match required to access federal funds for public infrastructure assistance.
- Some community projects could not be fully funded with 2005 funds and required funding from 2006 as well to complete funding. Because the 2006 federal funds had not been received, community projects

partially funded from 2006 funds and partially from 2005 funds faced delays. The agency's Executive Committee dedicated \$6.2 million from current deobligated funds and program income, so that these 2005/2006 funded community projects could proceed without delay.

- The agency's Executive Committee dedicated \$4.3 million for the Community Development Supplemental (CDS) Fund. The Executive Committee approved an increase of \$4.3 million for the Community Development Supplemental fund from deobligated funds and program income. The Executive Committee made this change to ensure that rural communities would not be immediately impacted by federal funding decreases (The \$4.3 million makes up for the decrease in the 2005 federal CDBG allocation).
- STEP projects use volunteer labor to complete water and sewer projects, thus greatly reducing community project costs and increasing the number of rural communities that obtain agency assistance. STEP projects are required to provide at least a 40 percent savings off of retail construction prices. In June 2005, the agency's Executive Committee dedicated an additional \$3.7 million to expand the cost-effective STEP Fund.
- The agency's Executive Committee dedicated \$1 million each for the Small Business Loan Fund and for the Microenterprise Loan Fund. The Executive Committee approved funding from program income for two new loan programs to further encourage small business development in rural areas.
- The agency's ability to designate Texas' smallest and most vulnerable rural hospitals as Critical Access Hospitals helps keep hospital doors open in rural Texas and allows nearly 70 rural hospitals to remain viable, in part through increased Medicare reimbursement.