



# Office of Rural Community Affairs

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*H.B. 2542 Kolkhorst, et al. (Estes)*

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## **Summary**

The Office of Rural Community Affairs (ORCA) was created in 2001 to assist rural communities with enhancing their quality of life and supporting their ongoing contributions to Texas' prosperity. ORCA's main functions include providing direction for state policy on rural development, administering Texas' federally funded rural Community Development Block Grant (CDBG) program, and administering several rural health programs. In fiscal year 2006, ORCA operated with a budget of \$128 million, including \$106 million in federal funds, and a staff of 70 employees.

House Bill 2542 continues ORCA, narrowing its mission and creating a new Board to more effectively serve as a voice for rural concerns and issues. The bill also contains the Sunset Commission's recommendations requiring ORCA to evaluate the rural CDBG program and more closely coordinate with the Texas Department of Agriculture. The list below summarizes the major provisions of H.B. 2542, and a more detailed discussion follows.

## **Sunset Provisions**

1. Continue the Office of Rural Community Affairs for six years with a refocused mission and new leadership to better serve rural Texas.
2. Evaluate Texas' rural Community Development Block Grant program.
3. Improve ORCA's coordination with the Texas Department of Agriculture.

# Sunset Provisions

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## **1. Continue the Office of Rural Community Affairs for six years with a refocused mission and new leadership to better serve rural Texas.**

House Bill 2542 narrows ORCA's mission by requiring the agency to serve as a clearinghouse for information on rural programs, identify and prioritize key rural issues and policy concerns, and make recommendations to the Legislature to address the identified concerns. The bill continues ORCA for six years, rather than the four-year Sunset date originally proposed by the Sunset Commission.

The bill also directs ORCA to assist communities in four key areas: economic development, community development, rural health, and rural housing. The Legislature modified this Sunset provision, adding rural housing and removing natural resources.

House Bill 2542 replaces ORCA's Executive Committee with a new 11-member Board, composed of the following:

- ◆ two public members and two elected local rural officials or city or county employees, appointed by the Governor;
- ◆ three public members appointed by the Governor from a list provided by the Lieutenant Governor;
- ◆ three public members appointed by the Governor from a list provided by the Speaker of the House; and
- ◆ the Commissioner of Agriculture, or designee, as a voting, ex officio member.

The Legislature modified the Sunset provision relating to the Board by removing the direct appointments by the Lieutenant Governor and the Speaker of the House, and replacing them with Governor appointed members selected from lists submitted by the Lieutenant Governor and the Speaker of the House. House Bill 2542 also requires that all appointed members reside in rural cities or counties, and authorizes the Governor to appoint the presiding officer of the Board.

To allow the Board to focus on rural policy issues, the bill strengthens the role of ORCA's State Review Committee. The Committee, which advises the agency on administration of the rural CDBG program, will review and approve all rural CDBG grant applications, with the Board hearing any appeals.

## **2. Evaluate Texas' rural Community Development Block Grant program.**

House Bill 2542 requires ORCA to work with the Texas Department of Agriculture (TDA) to evaluate Texas' administration of the rural CDBG program. At a minimum, the evaluation must include combining funding categories, simplifying the grant process, and reviewing aged contracts to close them out. ORCA must make non-statutory changes to the program as quickly as possible, and report to the 81st Legislature on any statutory changes needed to make further improvements.

**3. Improve ORCA's coordination with the Texas Department of Agriculture.**

The bill requires ORCA to cross-train its staff with TDA's staff to ensure the agencies are knowledgeable about their respective rural programs, and allows ORCA to base employees working outside of the central office in TDA's offices.

*Fiscal Implication Summary* \_\_\_\_\_

House Bill 2542 will not have a fiscal impact to the State.