

Office of State-Federal Relations

Special Purpose Review

The Office of State-Federal Relations (the State-Fed Office) underwent Sunset review in 2006, and the Sunset Commission forwarded recommendations to the Legislature in 2007. However, the Sunset bill did not pass. Instead, the Legislature, through separate legislation, continued the Office for two years and required a follow-up Sunset review to focus on the appropriateness of the Sunset Commission's 2006 recommendations. The results of that special purpose review are contained in this material.

Agency at a Glance

The Office acts as the State's advocate in Washington, DC to help promote and protect the interests of Texas at the federal level. Initially, the Legislature created the Division of State-Federal Relations in 1965 as a program within the Governor's Office, and later established the Office as an independent state agency in 1971. The Office's mission is to promote communication and build relationships between the state and federal governments to advance the interests of Texas. To accomplish its mission, the Office:

- ◆ prioritizes a federal agenda for Texas;
- ◆ advocates for federal funding and policy decisions favorable to Texas; and
- ◆ communicates information about Texas issues on the state and federal levels.

Key Facts

- ◆ **Funding.** In fiscal year 2008, the State-Fed Office expended about \$750,000, three-quarters of which the Office spent on salaries and building rent.
- ◆ **Staff.** The Office has seven staff, with six located in Washington and one in Austin. In addition, staff from five other Texas state agencies currently collocate in the agency's Washington, DC office.
- ◆ **Priorities.** On an annual basis, the Office identifies and prioritizes the State's federal policy agenda. The Office's most recent working priorities were within the areas of health and human services; transportation; homeland and border security; federal appropriations and tax issues; and advanced technology/research and development innovations.


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Recommendation

1. Abolish the Office of State-Federal Relations and restructure it within the Office of the Governor and make additional changes to the Office's statute to improve its effectiveness in promoting the State's federal interests.

Issue 1

Texas Benefits From Having an Advocate in Washington, DC, But Changes Are Needed to Streamline the Office's Structure and Improve Its Effectiveness.

Key Finding

- ◆ No significant changes have occurred to affect the Sunset Commission's 2006 recommendations.

In 2006, the Sunset Commission adopted four recommendations, including abolishing the State-Fed Office as an independent state agency and transferring its functions to the Office of the Governor. No compelling reason exists to change what the Sunset Commission voted to support in 2006.

Recommendations

Change in Statute

- 1.1 Abolish the Office of State-Federal Relations as an independent state agency and restructure it within the Office of the Governor, requiring the Office to interact and consult with the Lieutenant Governor and Speaker of the House, and subjecting it to Sunset review in six years.**

This recommendation would abolish the Office as an independent agency and establish the Office of State-Federal Relations as a trustee program within the Office of the Governor. As part of this recommendation, the three-member Advisory Policy Board would be abolished. An Executive Director, appointed by the Governor, would administer and oversee the Office's operations. The Executive Director would be accountable to the Governor, who would be responsible for providing guidance in directing the Office's activities.

The Office would be required to continue to interact and consult with legislative leadership on federal issues, and would be subject to Sunset review in six years, giving the Office a new Sunset date of September 1, 2015. This recommendation would also remove administrative provisions in statute that are unnecessary for administering a program within the Governor's Office.

As the State's entity charged with communicating and building relationships between the state and federal governments, the Office would advocate for Texas' interests in Washington and respond to information requests from Texas and federal officials. The Office's main responsibilities would include:

- ◆ preparing an annual priority document to be approved by the Governor in consultation with legislative leadership;
- ◆ providing updates on federal activities to the Governor and legislative leadership and updating the Texas congressional delegation on state activities;
- ◆ responding to information requests from the Legislature, congressional offices, and federal agencies;
- ◆ coordinating with the Legislative Budget Board on how federal funding affects the state budget; and

- ◆ requiring the Office to include the Lieutenant Governor and Speaker in any routine communication relating to its progress on the federal level, including weekly conference calls.

Restructuring the State-Fed Office within the Office of the Governor would allow Texas to have a stronger voice in Washington while encouraging more direct accountability at the state level. The Office would continue to work with the Texas Legislature and state agencies, as well as federal officials, but would have a more streamlined chain of command.

1.2 Require the Office to adhere to clear contracting guidelines, established in statute, if the Office chooses to contract with federal-level government relations consultants.

Although the Office has contracted with federal-level government relations consultants in the past, it currently has no such contracts. This recommendation would require the Office to adhere to specific contract procurement and management guidelines, if it enters into contracts with federal-level government relations consultants to lobby at the federal level. The guidelines would include:

- ◆ requiring the Office to have written guidelines for contract management;
- ◆ requiring the Office to use a competitive procurement process, and have procedures to assess a prospective contractor's strengths;
- ◆ requiring the Office to assign a value to a prospective firm's ability to provide services at a reasonable price and level of experience in the consulting field during the contract procurement process;
- ◆ requiring that potential consultants show a demonstrated ability to work with key members of Congress and effectively advocate on behalf of the State;
- ◆ requiring the contract to contain clear goals for service and to include targeted performance measures that both the Office and contractor agree upon;
- ◆ requiring the Office to ensure that no conflicts of interest exist between the contractor and other parties that may jeopardize the State's interest;
- ◆ requiring the contract to contain a termination clause; and
- ◆ requiring the contract to include an audit clause, allowing the Office and other oversight entities to audit the contract.

Establishing contracting provisions in statute would give the Office clear standards to follow to protect the State's interests and ensure against potential abuses and conflicts. Under the new organizational structure, as the person responsible for overseeing the Office's activities, the Governor would have to approve all such contracts.

1.3 Require state agencies and political subdivisions of the State of Texas to report information on contracts with federal-level government relations consultants to the Office of State-Federal Relations.

This recommendation would require all state agencies and political subdivisions of the State of Texas, including institutions of higher education and river authorities, to report to the Office on contracts with federal-level government relations consultants. The recommendation would also require state agencies that contract with federal-level government relations consultants, which then subcontract the agency's work with another firm or individual, to report all such subcontracts to the Office. Information in such

reports would include the name of the consultant or firm contracted with, the issues the firm was hired to work on, and the contract amount. This recommendation would require that entities report federal-level consultant contracts within 30 days of entering in to a contract and within 30 days of a contract termination.

1.4 Require the Office to track performance indicators, as determined by the Office of the Governor in consultation with legislative leadership, and include the information in its annual policy priority document.

This recommendation would require the Office to track performance indicators and include the information in its existing annual policy priority document. The performance indicators would be determined by the Office of the Governor in consultation with legislative leadership. The indicators would go beyond the Legislative Budget Board performance measures included in the General Appropriations Act. Instead, the performance indicators would be used as an internal tool to increase understanding of how the Office is performing and would be aimed at giving a full view of Texas' standing, in both funding and policy areas, on the federal level.

Fiscal Implication Summary

These recommendations would have no fiscal impact to the State.

