



**Texas
Sunset
Advisory
Commission**

STAFF EVALUATION

Advisory Council on Technical-Vocational Education
Office of State-Federal Relations
Texas Advisory Commission on Intergovernmental Relations
State Securities Board
Texas Commission on the Arts

A Staff Report
to the
Sunset Advisory Commission



1982

SUNSET ADVISORY COMMISSION

STAFF REPORT

on the

OFFICE OF STATE-FEDERAL RELATIONS

1982

FOREWORD

Over the past several years, there has been a sustained interest among the states in a new concept in legislative review popularly described as sunset. Since 1976, more than half the states have enacted legislation which embodies the primary element of sunset, the automatic termination of an agency unless continued by specific action of the legislature.

The acceptance of this concept has been aided by a general agreement that the normal pressures of the legislative process tend to prevent a systematic review of the efficiency and effectiveness with which governmental programs are carried out. The sunset process is, then, an attempt to institutionalize change and to provide a process by which a review and redefinition of state policy can be accomplished on a regular systematic basis.

The Texas Sunset Act (Article 5429K, V.A.C.S., as amended) was enacted by the 65th Legislature in 1977. Under the provisions of the Act, agencies are automatically terminated according to a specified timetable, unless specifically continued by the legislature.

To assist the legislature in making the determination of whether an agency should be continued and, if continued, whether modifications should be made to its operations and organizational structure, the Act establishes a ten-member Sunset Advisory Commission composed of eight legislative members and two public members. The commission is required to evaluate the performance of the agency in accordance with specific criteria set out in the Act and to recommend necessary changes resulting from the findings of the evaluation.

The process by which the commission arrives at its recommendations moves through three distinct phases beginning with a self-evaluation report made by the agency to the commission. The second phase involves the preparation of a report to the commission by its staff, evaluating the activities of the agency, and proposing suggested changes for commission consideration. The final phase involves public hearings on the need to continue or modify an agency and the development of commission recommendations and legislation, based on the agency self-evaluation, staff report, and public testimony.

The Sunset Commission's findings, recommendations, and proposed legislation are then required to be transmitted to the legislature when it convenes in regular session.

INTRODUCTION AND ORGANIZATION OF AGENCY REVIEWS

This sunset staff evaluation covers the following state agencies:

Advisory Council on Technical-Vocational Education
Office of State-Federal Relations
Texas Advisory Commission on Intergovernmental Relations
State Securities Board
Texas Commission on the Arts

The Texas Sunset Act abolishes these agencies on September 1, 1983 unless each is re-established by the 68th Legislature.

The staff reviewed the activities of these agencies according to the criteria set out in the Sunset Act and has based its conclusions on the findings developed under these criteria.

Taken as a whole, these criteria direct the review of an agency to answer four primary questions:

1. Does the state need to perform the function or functions under review?
2. Could the public still be adequately served or protected if the functions were modified?
3. Is the current organizational structure the only practical way for the state to perform the function?
4. If the agency is continued and continues to perform the same functions, can changes be made which will improve the operations of the agency?

The report is structured to present the performance evaluation of each agency separately. The application of the across-the-board recommendations developed by the commission to deal with common problems are presented in a chart at the end of each report and are not dealt with in the text except in one instance. When the review develops a position which opposes the application of a particular recommendation, the rationale for the position is set forth in the text.

SUMMARY OF STAFF FINDINGS AND CONCLUSIONS

SUMMARY

Organization and Objectives

The Office of State-Federal Relations (OSFR) was established in 1965 and is currently active. The office operates under a director who is appointed by the governor, confirmed by the senate, and serves at the pleasure of the governor. Operations of the office are conducted by a staff of 19 persons and are financed by legislative appropriations of \$814,610 for fiscal year 1982 and \$862,082 for fiscal year 1983 from the General Revenue Fund. Texas like other states, conducts liaison functions with the federal government through many sources to ensure that information necessary to act on federal policy and funding shifts is readily available. Most major state agencies devote substantial amounts of time to the effort of maintaining current ties with the specific federal agencies that affect their programs. In addition to the specific ties with individual federal agencies, Texas has developed a function that is designed to provide information which is directed toward giving a consistency to the overall policies of the state and to provide the necessary information for the formulation or modification of these policies. In an effort to provide this information, OSFR maintains a Washington office which monitors and collects information regarding federal activities and transmits relevant information between state and federal officials.

Because all states are not always treated equally in federal policy determination, the basic premise upon which Washington liaison offices have been established is that timely, accurate information about state positions on certain issues provided at appropriate points in the federal policy-making process can favorably influence federal policy for that state. In order to provide this timely, accurate information necessary to represent Texas positions in Washington, OSFR has established three areas of agency operation. First, the office operates a communication link between Texas and Washington consisting of express mail, telephone, and telecopier services. In fiscal year 1981, the agency transmitted an average of 415 pieces of information per day using these communication facilities. Second, the agency through coordination and advice activities continually monitors developments occurring within the federal government, identifies items of significance to Texas, notifies appropriate state officials, and transmits relevant information when needed. Each month in fiscal year 1981, the agency averaged 124 cases where it provided information necessary to represent state policy. Finally, the office provides general assistance to both state and federal officials.

This assistance includes such services as responding to information requests, tracking specific legislation, and assisting state agencies with testimony before congressional committees.

The review and evaluation of the agency indicates that its efforts to collect and exchange information relating to state and federal governmental activities have been adequate. However, the review showed that modifications in the agency's administrative structure and operations would increase the efficiency and effectiveness of the agency's information link between state and federal governments.

Policy-Making Structure

Because the current agency organizational structure does not include a policy-making body, agency operations are overseen by a director who is appointed by and serves at the pleasure of the governor. Although the absence of such a policy-making body is appropriate for this agency because it has no substantive policy-making responsibilities, the method for appointment of the agency's director could be improved. Interviews with individuals who use the services of the agency on a regular basis or would have need to use the services indicated that the agency is perceived as an office primarily structured to assist the governor in developing policy positions. Texas has established a pattern for policy development which, for all practical purposes, places this responsibility in a number of elected officials. If the agency is to be used by many different elected officials, it would be appropriate to have the structure reflect their direct involvement. The structure could be strengthened and balanced by having the director appointed by the governor, lieutenant governor, and the speaker of the house of representatives.

Overall Agency Administration

The review of the overall administration of the agency focused on determining whether the operating policies and procedures of the agency provide a satisfactory framework which is adequate for the internal management of personnel and funds and which satisfies reporting and management requirements placed on the agency and enforced through other state agencies. Results of the evaluation indicate that the administration of the agency is generally conducted in an efficient manner, however, improvements in the documentation of internal policies and procedures would enhance personnel management and reporting capabilities. The development and use of an office manual which documents

agency internal policies and procedures is an important management device in the orientation and training of new employees and is especially important to an agency such as this which has experienced a relatively high rate of employee turnover.

Evaluation of Programs

The basic function of the Office of State-Federal Relations is to collect and exchange information. The evaluation of the agency's program activities focused on the ability of the office to develop the necessary sources of information in Washington; the competence of the staff in identifying and providing timely, accurate information; and the extent to which the information provided by the office is used by state and federal officials. Although the current staff consists of employees with considerable talent, the high rate of employee turnover and the resulting vacancies in staff positions have hampered the agency's ability to maintain informational contacts in Washington and to provide in-depth information in all areas of federal activity. Also, the perception that the agency is an extension of the governor's office has in certain situations prevented some state officials who need a federal information link from using the office. Recommended modifications to the agency director's method of appointment would address both of these concerns. This change in the appointment process would add greater stability to the directorship and broaden the director's base of representation, thereby contributing to increased staff stability and to the agency's ability to serve all state officials. In addition, the effectiveness of the agency could be improved if it would discontinue the weekly newsletter now provided to Texas Congressional delegation members and deliver the Legislative Clipping Service to their Washington offices.

Other Sunset Criteria

The review of areas of Open Meetings/Open Records, EEOC/Privacy, public participation, and conflicts of interest show general compliance with the requirements concerning these areas where applicable to this agency. However, because no formal application or hiring procedures exist to fill vacant staff positions, a section should be included in the recommended office manual which would outline procedures relating to the employment of new personnel.

Need to Continue Functions

The review indicated that the office's function of monitoring the federal process and transmitting timely, accurate information between state and federal

officials is still necessary to ensure that the information needed for Texas to be effectively represented in federal activities is available.

Approaches for Sunset Commission Consideration

I. MAINTAIN THE COMMISSION WITH MODIFICATIONS

- A. Agency operations
 - 1. Policy-making structure
 - a. The statute should be amended to require that the director be appointed by and serve at the pleasure of the governor, the lieutenant governor, and the speaker of the house of representatives. (statutory)
 - 2. Overall administration
 - a. The office should develop a manual to document its internal policies and procedures. (management improvement - non-statutory)
 - 3. Evaluation of programs
 - a. The office should discontinue the publication of its weekly newsletter and implement the distribution of the Legislative Clipping Service to the Washington offices of the Texas congressional delegation. (management improvement - non-statutory)

II. ALTERNATIVES

The analysis of the major alternatives of merging the functions of the office with those of another existing agency or changing the method of performing the function did not show any significant benefits to be gained.

AGENCY EVALUATION

The review of the current operations of an agency is based on several criteria contained in the Sunset Act. The analysis made under these criteria is intended to give answers to the following basic questions:

1. Does the policy-making structure of the agency fairly reflect the interests served by the agency?
2. Does the agency operate efficiently?
3. Has the agency been effective in meeting its statutory requirements?
4. Do the agency's programs overlap or duplicate programs of other agencies to a degree that presents serious problems?
5. Is the agency carrying out only those programs authorized by the legislature?
6. If the agency is abolished, could the state reasonably expect federal intervention or a substantial loss of federal funds?

BACKGROUND

Historical Development

Historically, states were represented in Washington by their congressional delegations and could receive general information about federal activities through umbrella organizations such as the Council of State Governments. During the 1960's, a few states began to realize that this increased federal activity, coupled with the potential for less than equal treatment under the federal system, required an increased representation of their state's interests in Washington. Along with this realization came the understanding that the outcome of federal policy-making processes and the success of federal aid applications could be favorably affected through the monitoring of these activities and the providing of relevant information at appropriate points during the federal process. Texas was one of the first states to address this need and in 1965 authorized the establishment of a state office in Washington, D.C. While only five states had Washington offices in 1970, the number had increased to 21 by 1976. Currently, 32 states operate a state office in Washington.

Although the Division of State-Federal Relations was established in 1965 within the Office of the Governor, funds for the Washington office were not appropriated until 1967. The office began operation with a budget of \$50,000 and the director, appointed by Governor Connally was the only staff. In 1971, the legislature, to strengthen the efforts of the office, changed its status from a division of the Office of the Governor to a separate, independent agency known as the Office of State-Federal Relations.

During the years that followed, the agency experienced a period of rapid growth and appropriations increased from approximately \$50,000 in 1972 to over \$600,000 in 1977. Funding for this expansion was provided through legislative appropriation, interagency contracts, and grants from the governor's office. The staff of the agency during this period increased from 3 to 21, which included the addition of four coordinators to cover separate areas of federal activity, an energy staff to provide services to the Governor's Energy Advisory Council, and personnel to staff an Austin office. In an effort to stabilize the funding sources for the office, the legislature dramatically increased the agency's direct appropriation for

1978, thereby reducing the agency's reliance upon grants and contracts to support its operations. However, during the transition between gubernatorial administrations in 1979, a significant number of staff vacancies occurred lowering the total work force to six people and the agency's operations were consequently curtailed. After two years of rebuilding, the staff of the agency has been increased to nineteen and the agency has resumed its complete scope of operations.

Current Programs and Objectives

The Office of State-Federal Relations operates under a director who is appointed by the governor, confirmed by the senate, and serves at the pleasure of the governor. The director's statutory responsibilities are to help coordinate state and federal programs, to inform the governor and the legislature of federal programs which affect the state, to provide information about state policies or conditions to federal agencies and the Congress, to provide the legislature with information concerning the effect of federal programs on state and local programs, and to make an annual report of the office's operations and recommendations to the governor and the legislature. In addition, the director is authorized to maintain office space inside and outside the state.

Agency operations developed to address these statutory responsibilities can be separated into three categories: communication operations, coordination and advice operations, and service operations. The communication operations include a daily express mail pouch between Washington and Austin, a telecopier service for rush documents, a Washington area delivery service, Federal Telecommunications System (FTS) and WATS phone service, and a federal register notice service. Coordination and advice activities include following developments occurring within the federal government which have significance to Texas, communicating with state agencies and officials on matters involving federal legislation or federal administrative decisions, and consulting on policy alternatives. Certain services are also provided by the office to assist both state agencies and officials and the Texas congressional delegation. Examples of these services include responding to information requests; assisting state agencies with testimony before congressional committees; tracking legislation; and providing clerical support, office space, telephone service, and library facilities for visiting officials.

The office operates with a staff of nineteen persons which includes ten professional and nine support personnel. Two of the support staff are located in the Austin office. Aside from the director and associate director, the professional staff is divided along functional lines. Functional areas where the staff concentrates efforts are education, human resources, natural resources, community development, agriculture, and energy. Legislative appropriations for the agency are \$814,610 in fiscal year 1982 and \$862,082 in fiscal year 1983.

REVIEW OF OPERATIONS

The evaluation of the operations of the agency is divided into general areas which deal with: 1) a review and analysis of the policy-making body to determine if it is structured so that it is fairly reflective of the interests served by the agency; and 2) a review and analysis of the activities of the agency to determine if there are areas where the efficiency and effectiveness can be improved both in terms of the overall administration of the agency and in the operation of specific agency programs.

Policy-making Structure

The current enabling statute of the Office of State-Federal Relations (OSFR) does not provide for a policy-making body within the agency's structure. Agency operations are overseen by a director who is appointed by the governor, confirmed by the senate, and serves at the pleasure of the governor. Generally, policy-making bodies exercise the functions delegated to an agency which involve rulemaking, administrative hearings, or policy decisions. The powers and functions of OSFR are all designed to assist the flow of information between state and federal officials. No policy development is performed by the agency, only representations to federal officials of policies that have been advanced by state agencies and officials. The review indicated that the presence of a policy-making body within the organizational structure of OSFR would not be appropriate.

While the absence of such a policy-making structure is appropriate, the method of appointment of the agency's director could be improved. Interviews with staff of various Texas congressional members, state officials, and employees of major state agencies indicated that the agency is perceived as an office primarily structured to assist the governor in developing policy positions. This perception is directly related to the unusual statutory requirement providing that the governor appoint the director of the agency. In most other situations where gubernatorial appointments to independent state agencies occur, the appointments are for fixed terms of office, thereby imparting a degree of independence to the appointee's conduct in executing the responsibilities of the office. Here, the executive director of the agency serves at the pleasure of the governor and is directly responsible to the governor for the agency's performance.

Unlike many other states, Texas has established a pattern for policy development which essentially places the responsibility for deciding state policy in a number of elected officials. In fact, such a division of responsibility is demonstrated in the OSFR enabling statute which expressly requires that the office provide information and services to both the governor and the legislature. The perception that OSFR is under the control of one elected official impairs the usefulness of the agency's services to other elected officials. If the agency is to be used by the many different elected officials it was designed to serve, the perception of the agency as an extension of a single elected official's office should be lessened. One approach is to broaden the agency's representation by modifying the method of appointment for the director. In order to serve many state officials, it is appropriate to have the appointment authority reflect their direct involvement. The structure of the agency should be strengthened and balanced by having the director appointed by the governor, the lieutenant governor, and the speaker of the house of representatives.

Overall Administration

The evaluation of the overall agency administration focused on determining whether the operating policies and procedures of the agency provide a framework which is adequate for the internal management of personnel and cash resources and which satisfies reporting and management requirements placed on the agency and enforced through other state agencies.

Agency efforts to develop internal policies and procedures for managing the operations of the agency have been adequate. For example, the office has established an efficient communication system between the Austin and Washington offices to facilitate the rapid transmittal of information between the cities. The increased usage of FTS and WATS telephone service has enabled the office to improve its communication abilities while reducing expenditures for that service during the 1980-81 biennium by 13 percent. Additionally, the use of the Postal Service Express Mail pouch allows the office to provide overnight postal delivery between Washington and Austin at a much lower cost than sending the items individually.

One area was identified in the review, however, that hinders the agency's ability to operate efficiently. This area of concern relates to the documentation of

office policies and procedures. In a management letter dated May 1980, the Auditor's Office recommended that the agency develop an office manual which would include documentation of the office's policies and procedures, and the duties, responsibilities and interrelationships of the various staff positions. The letter also indicated that the manual would be particularly useful in the orientation of new employees and of employees assigned to perform new duties. Currently, the agency has not documented its policies and procedures in such a manual. Aside from being an excellent management tool, a policies and procedures manual would be especially useful to OSFR in light of the office's high staff turnover. To improve the overall efficiency of office management, the agency should develop an office manual to document the office's internal policies and procedures.

Because of legislative interest in the method of compensation for the director of the Office of State-Federal Relations, this policy was examined during the review. A provision in the agency's current statute authorizes the director and the associate director to be compensated through the payment of a per diem in addition to their regular salary and actual travel expenses. The rate of per diem is provided in the General Appropriations Act and is currently set at \$40 per day for the director. No funds are appropriated during the current biennium for the payment of the associate director's per diem. In practice, this per diem is paid for each day of the year through a monthly voucher and amounts to \$14,600 additional compensation annually for the director. This per diem allowance is unusual because it substantially increases the director's effective salary, raising it from \$42,700 to \$57,300 in fiscal year 1982. With this increase, the director's effective salary exceeds that of some commissioner's of major state agencies. Justification for this salary, however, is found in the need to compensate the director for dislocation expenses and increased living expenses in Washington. Because most OSFR directors are appointed from within the state and are required to spend a majority of their time in Washington, the additional compensation seems appropriate to offset the unusual expenses incurred with the performance of this position.

Evaluation of Agency Programs

The review of the substantive operations of the agency evaluated 1) the ability of the office to develop the necessary sources of information in Washington;

2) the competence of the staff in identifying and providing timely, accurate information; and 3) the extent to which the information provided by the office is used by state and federal officials. Generally, the services currently provided by the office adequately implement the agency's responsibilities related to achievement of an effective information link between state and federal officials. Interviews with staff in major state agencies which use the office to monitor federal administrative actions and congressional legislation indicated that the information provided by the office is consistently accurate and timely. In addition, staff members for Texas legislators, who were contacted during the review and had used the office, generally were favorably impressed with both the competency and responsiveness of the office's Washington staff and the quality of the information received.

Four concerns, however, were identified in the review which have limited the effectiveness of the operations of the agency. First, the high rate of employee turnover and the resulting vacancies in staff positions have hampered the agency's ability to maintain informational contacts in Washington and to provide in-depth information in all areas of federal activity. To encourage the maintenance of informational sources and the staff expertise necessary to an effective Washington office operation, the structure of the agency should be designed to promote stability in agency operations so that agency activities can be conducted in a consistent manner without interruption. Throughout the history of the Office of State-Federal Relations (OSFR), the agency has experienced considerable instability in its operations resulting from a rapid turnover of directors, a high rate of staff turnover, and unstable funding sources. Although the funding instability has been resolved through legislative action, the turnover of directors and staff continues to be a problem. While staff turnover rates for any office in Washington are generally higher than most places, the staff turnover at OSFR has been excessive. For example, during fiscal 1980, 15 of the 21-member staff left the office, leaving the office to be operated by only six employees. Only recently has the office recovered from that severe turnover of employees by rebuilding the staff to a total of 19 employees. Also, the office, since January 1971, has had nine different directors. In Washington, an initial period of time is needed for a new director or staff member to develop the necessary relationships with informational

sources and cultivate the important associations with federal officials and agency personnel. Relationships such as these are essential to the staff of a Washington office if that staff is to have the capability of providing up-to-date, relevant information to state officials. Each time a vacancy in the directorship or staff position occurs, the effectiveness of the overall agency information gathering process is diminished until that position is filled and the information sources of a new employee established. Additionally, when a vacancy occurs in a crucial staff position, the experience and expertise needed to effectively provide information in that particular area is lost. Most of the staff instability can be traced to the instability of the directorship and the new policies that are introduced into the office when a different director is appointed. By increasing the stability of the agency's directorship and thereby increasing the staff stability, the agency's ability to maintain informational contacts in Washington and to provide in-depth information in all areas of federal activity would be improved.

The second area of concern identified in the review which impairs the effectiveness of agency operations is related to the perception that the agency is an extension of the governor's office. This perception in certain situations has prevented some state officials who need a federal information link from using the office. As previously discussed, this perception results from the nature of the appointment of the director and contributes to the hesitation of some state officials to rely extensively on information provided by the office when sensitive policy issues are under consideration. To increase the extent to which information provided by the office is used by state and federal officials, the base of representation to which the office is directly responsible should be broadened.

The recommended modifications to the agency director's method of appointment would address both of these concerns. By sharing the appointment authority with the governor, the lieutenant governor, and the speaker of the house of representatives, improvements in the stability of the directorship would result because the change in leadership in any one of these offices would not necessarily bring about a change in agency directors. Additionally, this broadening of the base of the director's representation would encourage the perception that the agency, being directly responsible to both the legislature and the governor, is organized to serve all state agencies.

A third area of concern encountered in the review deals with the inadequate awareness of the services provided by the agency among state officials, state agency personnel, and Texas congressional delegation members. Many of the staff members of these agencies and officials interviewed during the review were not aware of the various communication and informational services available through the office. To effectively serve the state and federal officials that the agency was established to assist, these officials should know of these services so they can take advantage of the available assistance. The utility of this assistance to state agencies and officials depends largely upon the office's ability to deliver information where needed in a short period of time. Currently, the effectiveness of the offices operation is diminished because potential users of the agency's services are not completely informed as to the nature of the services available and the proper way to employ the assistance desired. In 1976, the office published a pamphlet entitled "Guide to Services" which contained both information about the types of services provided by the agency and descriptive information about activities of staff coordinators in certain areas of state-federal relations. The agency has already begun the process of updating this publication so that it can be distributed to potential users of agency services. This update should include efforts to place a greater emphasis on describing the types of services available and on agency procedures for the provision of these services. A properly constructed and distributed pamphlet such as the one under revision should improve the agency's ability to serve those state officials who need the services the office provides.

A final area of concern relates to services provided by the office to members of the Texas congressional delegation. The review of the agency's interactions with the Texas delegation indicated that one service staff of the delegation believed would be beneficial to all Texans in Washington and could be effectively provided by the state-federal office is the distribution of information about current events in Texas. In Washington, the interest of the state as a whole is best served when the participation of the Texas delegation in congressional activities is based upon the most up-to-date information available concerning state activities. One significant source for current information regarding state activities is daily newspaper articles about state events. Although newspaper subscriptions for certain newspapers published in major Texas cities are available in Washington, no

system is currently in place that would provide the delegation a comprehensive summary of Texas events in a timely fashion. The Legislative Clipping Service published by the Texas Legislative Reference Library is such a comprehensive summary and provides an excellent source for review of current events in Texas. A primary barrier, however, for congressional staffs in obtaining this type of information is the practical problem of transporting it the 1,600 miles between Texas and Washington in a cost effective manner. Because OSFR operates a daily mail pouch service between Austin and Washington, the office has the capability of sending this clipping service on a daily basis to Washington offices in a cost-efficient and timely manner. The review indicated that, if all 30 members of the Texas delegation wanted this service, there would be an annual cost of \$16,467 to the state. Included in this figure is \$4,000 printing expense which would be absorbed by the Legislative Reference Library and \$12,467 mailing and delivery expense for OSFR. It is also possible that the congressional offices would pay for this service, thus reducing the annual cost to approximately what it currently costs OSFR to publish its weekly newsletter. The weekly newsletter for the Texas delegation was only recently started and contains summaries of Texas current events. This newsletter, entitled "Texas this Week", is written and distributed at an annual cost of approximately \$10,400 to OSFR. While the newsletter represents an agency recognition of the need for this type of information by the delegation and a substantial agency effort to provide it, the review indicated that the most effective method to provide the congressional delegation information about Texas events is the distribution of Legislative Clipping Service to the Washington delegation offices that desire this service. The additional expense to implement this service is outweighed by the provision of actual newspaper clippings on a daily basis rather than an interpretation of selected newspaper articles on a weekly basis through the current newsletter. To implement this service, OSFR should deliver the Legislative Clipping Service to the Washington offices of the Texas congressional delegation which request this service.

OTHER SUNSET CRITERIA

The review of the agency's efforts to comply with overall state policies concerning the manner in which the public is able to participate in the decisions of the agency and whether the agency is fair and impartial in dealing with its employees and the general public is based on criteria contained in the Sunset Act.

The analysis made under these criteria is intended to give answers to the following questions:

1. Does the agency have and use reasonable procedures to inform the public of its activities?
2. Has the agency complied with applicable requirements of both state and federal law concerning equal employment and the rights and privacy of individuals?
3. Has the agency and its officers complied with the regulations regarding conflict of interest?
4. Has the agency complied with the provisions of the Open Meetings and Open Records Act?

EVALUATION OF OTHER SUNSET CRITERIA

The material presented in this section evaluates the agency's efforts to comply with the general state policies developed to ensure: 1) the awareness and understanding necessary to have effective participation by all persons affected by the activities of the agency; and 2) that agency personnel are fair and impartial in their dealings with persons affected by the agency and that the agency deals with its employees in a fair and impartial manner.

Open Meetings/Open Records

A review of the Office of State-Federal Relations indicated compliance with the Open Meetings and Open Records Acts. The agency has never denied any formal request for information, and considers all of its records public information. The agency has no board or commission that conducts agency business, therefore a review of compliance with the Open Meetings Act was not appropriate.

EEOC/Privacy

The review of the agency's performance regarding equal employment opportunities indicates that the agency has not developed an affirmative action plan. Contacts with the governor's EEO office reveal that a plan is not required under current federal or state law and the only related requirements found in general statute and the appropriation act prohibit discriminatory practices by agencies. The agency reports that it has a "sound record for nondiscrimination" and that no charges have been filed against the agency regarding equal employment opportunities.

Although the agency's assertions may be accurate, a review of its hiring practices indicates a potential for problems if strict adherence to general non-discriminatory hiring practices is to be assured. Currently, agency hiring procedures are unwritten and informal. For one recent job opening, one applicant was interviewed and hired, for another position, 10 to 15 applicants were interviewed prior to filling the slot. Further, the agency has developed no standard application for its job applicants. The lack of standardized written material regarding an applicant's background and how it will be treated, increases the potential for unwitting, differential treatment of persons applying for work with the agency. It is recommended that the agency develop written procedures for the application

screening process to be incorporated in the general office procedures manual recommended in the overall administration section of this report.

Public Participation

Being an agency of the executive branch of state government that has no governing board, the Office of State-Federal Relations has no opportunities for public participation in the form of public membership on its policy-making body. The agency does make efforts, however, to disseminate the information it develops to public officials and to those who have expressed interest in the agency's work. The office has recently developed materials descriptive of its operations and services which it plans to widely distribute.

Conflicts of Interest

The executive director of the Office of State-Federal Relations is appointed by the governor and is required by law to file a financial disclosure form with the secretary of state. The current executive director indicates that he will file such a form now that the governor has named him to fill the director's slot. (This person was acting director from November 1981 to April 1982). The results of the review also indicated that the agency makes adequate efforts to inform its employees of their duties under general law regarding standards of conduct as well as provisions regarding lobbying activities.

**NEED TO CONTINUE AGENCY OR FUNCTIONS
AND
ALTERNATIVES**

The analysis of the need to continue the functions of the agency and whether there are practical alternatives to either the functions or the organizational structure are based on criteria contained in the Sunset Act.

The analysis of need is directed toward the answers to the following questions:

1. Do the conditions which required state action still exist and are they serious enough to call for continued action on the part of the state?
2. Is the current organizational structure the only way to perform the functions?

The analysis of alternatives is directed toward the answers to the following questions:

1. Are there other suitable ways to perform the functions which are less restrictive or which can deliver the same type of service?
2. Are there other practical organizational approaches available through consolidation or reorganization?

NEED

The analysis of need and alternatives is divided into: 1) a general discussion of whether there is a continuing need for the functions performed and the organizational setting used to perform the function; and 2) specific discussion of practical alternatives to the present method of performing the function or the present organizational structure.

Functions

Several factors are important in determining whether the state should continue to encourage the coordination of state and federal governmental activities through the monitoring of federal activities in Washington and the transmitting of timely, accurate information between state and federal officials. First, because of diverse social, industrial, and agricultural conditions that exist in the various states, congressional actions and federal agency activities often affect states differently. Second, information necessary to evaluate and assess the impact of federal proposals on the state is generally maintained by state agencies and officials. Finally, because congressional and administrative actions in Washington frequently progress rapidly, the successful coordination of Texas' interests and federal activities depends upon the state's ability to provide a timely, accurate representation of Texas' interest at the appropriate stage of federal policy development. Therefore, the results of the review indicated that the function of the office in monitoring the federal process and transmitting timely, accurate information is still necessary to ensure that the information that Texas needs is available.

Agency

In determining whether it is necessary for the state to have a separate organizational structure to perform the function of monitoring federal activities in Washington and transmitting information between state and federal officials, the review indicated that the current agency structure is necessary to ensure that the office can serve all areas of state government.

Currently, 32 states have established a state liaison in Washington. Of these 32 states, 30 states including Texas operate a state office staffed with state employees, while two states have contracted with private consultants for their

representation. Although the size, budget, and structure of these 30 state offices differ according to the needs and governmental organization of the state they represent, the current organization of the Texas office as an independent state agency is necessary to ensure that all aspects of state government have the benefit of a full-time service agency in Washington.

States with no state representation in Washington generally rely on national organizations such as the National Conference of State Legislatures or the Council of State Governments to provide them information on federal activities. This information, however, lacks the specificity necessary to support state initiatives in the federal policy-making process and is not generally available soon enough to provide adequate time for response during policy development.

Because of the need for a full-time service agency that can serve all aspects of state government, it was concluded that the current structure is the most effective one available to the state for performing the function of monitoring federal activities and transmitting information between state and federal officials.

ALTERNATIVE APPROACHES FOR COMMISSION CONSIDERATION

Agency Reorganization

While agencies such as the Advisory Commission on Intergovernmental Relations (ACIR) and the Texas Department of Community Affairs (TDCA) were identified as providing similar services, the consolidation of the office with any one of these agencies would not provide any significant benefits. First, efficiency improvements resulting from consolidation, such as staff reduction, are unlikely because of limitations imposed on the office location by the function to be performed. All but two employees are located in Washington and any consolidation would not eliminate the need for the Washington office as it is currently staffed.

Second, although the agencies mentioned are involved in some aspect of intergovernmental relations, the state's activity in this area is fragmented to such an extent that a consolidation of the Office of State-Federal Relations (OSFR) with any one of these agencies would not improve the effectiveness of either agency. ACIR is basically a research agency and does not conduct an operation that would improve OSFR's ability to provide information to state or federal officials. In examining the functions of the TDCA, it appears the agency has a different orientation than OSFR. TDCA's operation is focused on local activities and would not benefit OSFR's ability to provide the state-federal information link.

Therefore, the review indicates that a consolidation with any one of these agencies would not improve the efficiency or effectiveness of the OSFR operation. This evaluation was limited to a review of benefits that could be achieved through the consolidation of OSFR with any other single agency, and did not address benefits which might be derived through a consolidation of all these agencies.

Change in Method of Regulation or Service Delivery

The single purpose of this office is to monitor federal activities and transmit timely, accurate information between state and federal officials so that Texas' interests in Washington can be effectively represented. No useful modification available can strengthen this purpose.

ACROSS-THE-BOARD RECOMMENDATIONS

OFFICE OF STATE FEDERAL RELATIONS

Applied	Modified	Not Applied	Across-the-Board Recommendations
			A. ADMINISTRATION
		X	1. Require public membership on boards and commissions.
		X	2. Require specific provisions relating to conflicts of interest.
	X		3. A person registered as a lobbyist under Article 6252-9c, V.A.C.S., may not act as general counsel to the board or serve as a member of the board.
		X	4. Appointment to the board shall be made without regard to race, creed, sex, religion, or national origin of the appointee.
		X	5. Per diem to be set by legislative appropriation.
		X	6. Specification of grounds for removal of a board member.
		X	7. Board members shall attend at least one-half of the agency board meetings or it may be grounds for removal from the board.
X			8. The agency shall comply with the Open Meetings Act, and the Administrative Procedure and Texas Register Act.
		X	9. Review of rules by appropriate standing committees.
X			10. The board shall make annual written reports to the governor and the legislature accounting for all receipts and disbursements made under its statute.
X			11. Require the board to establish skill oriented career ladders.
X			12. Require a system of merit pay based on documented employee performance.
X X			13. The state auditor shall audit the financial transactions of the board during each fiscal period.
X			14. Provide for notification and information to the public concerning board activities.
		*	15. Require the legislative review of agency expenditures through the appropriation process.

*Already in statute or required.

Office of State-Federal Relations
(Continued)

Applied	Modified	Not Applied	Across-the-Board Recommendations
			B. LICENSING
		X	1. Require standard time frames for licensees who are delinquent in renewal of licenses.
		X	2. A person taking an examination shall be notified of the results of the examination within a reasonable time of the testing date.
		X	3. Provide an analysis, on request, to individuals failing the examination.
		X	4. (a) Authorize agencies to set fees.
		X	(b) Authorize agencies to set fees up to a certain limit.
		X	5. Require licensing disqualifications to be: 1) easily determined, and 2) currently existing conditions.
		X	6. (a) Provide for licensing by endorsement rather than reciprocity.
		X	(b) Provide for licensing by reciprocity rather than endorsement.
		X	7. Authorize the staggered renewal of licenses.
			C. ENFORCEMENT
		X	1. Authorize agencies to use a full range of penalties.
	X		2. Require files to be maintained on complaints.
	X		3. Require that all parties to formal complaints be periodically informed in writing as to the status of the complaint.
		X	4. Specification of board hearing requirements.
			D. PRACTICE
		X	1. Revise restrictive rules or statutes to allow advertising and competitive bidding practices which are not deceptive or misleading.
		X	2. The board shall adopt a system of voluntary continuing education.