

SUBJECT: Abolishing the Community Development Block Grant review committee

COMMITTEE: Agriculture and Livestock — favorable, without amendment

VOTE: 8 ayes — Gonzalez Toureilles, Anderson, B. Brown, Crabb, Hardcastle, Heflin, Rios Ybarra, Swinford

0 nays

1 absent — Kleinschmidt

WITNESSES: For — Wallace Klussmann, Office of Rural Community Affairs

Against — None

On — (*Registered, but did not testify*: Charles S. "Charlie" Stone, Office of Rural Community Affairs)

BACKGROUND: The Office of Rural Community Affairs (ORCA) is charged with disbursing federal money it receives through the Community Development Block Grant (CDBG) program. Cities with populations over 50,000 and counties with populations over 200,000 seeking CDBGs may apply directly with the federal Department of Housing and Urban Development. Smaller Texas cities and counties, known as "non-entitlement" cities and counties, apply to ORCA for CDBG funding. Each of the councils of government has a Regional Review Committee responsible for setting funding priorities and scoring the applications accordingly, which ORCA then factors into its funding decisions.

The State Community Development Review Committee is responsible for reviewing grant applications and advising the executive director on funding decisions. The state review committee is composed of 12 locally elected officials appointed to two-year terms by the governor.

DIGEST: HB 1079 would abolish the ORCA State Community Development Review Committee. Any applicant for a CDBG program grant, loan, or reward could appeal a decision by the executive director to the ORCA board. The board would have to hold a hearing and render a decision on the appeal.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2009.

**SUPPORTERS
SAY:**

HB 1079 would abolish a state review committee for the CDBG program that seldom meets and whose functions are duplicative. The State Community Development Review Committee has had difficulty reaching quorum at its meetings, due in part to its members facing steep travel expenses. The Sunset Advisory Commission in its 2006-07 review of ORCA found that the State Community Development Review Committee had heard only one complaint and one appeal in the five years prior to the sunset review.

Abolishing the State Community Development Review Committee would streamline and improve the effectiveness of the non-entitlement CDBG grant application process by removing a layer of bureaucracy that struggles to fulfill its core function. Eliminating the state review committee would mean no real loss of oversight, as the Regional Review Committees would retain responsibility for setting and scoring local funding priorities, and applicants still would be able to appeal funding decisions to the ORCA executive director and ultimately to the ORCA board.

**OPPONENTS
SAY:**

Eliminating the State Community Development Review Committee would remove a layer of oversight and appeal for the CDBG program for smaller communities seeking program grants or loans.