

- SUBJECT:** Continuing the Office of State-Federal Relations Commission
- COMMITTEE:** State, Federal and International Relations — committee substitute recommended
- VOTE:** 7 ayes — B. Hunter, Price, Eiland, Elkins, Rhodes, Rusling, Serna
0 nays
2 absent — Dukes, Reyna
- WITNESSES:** For — Jim Ray, Texas Association of Regional Councils of Government
Against — None
- BACKGROUND:** The Office of State-Federal Relations (OSFR), created in 1965 as a division of the Governor's Office, was established by the Legislature as a separate state agency in 1971. The purpose of OSFR is to monitor and increase the state's share of federal funds, to develop policy, to work with Congress, the Governor's Office, the Legislature and 13 state agencies by communicating the state's needs to the federal government and evaluating state agency applications for federal funds. OSFR reports annually to the Legislature on agency efforts to obtain federal funds.
- For fiscal 1994-95 the agency's budget was approximately \$1.5 million, which included just over \$979,000 in state general revenue and nearly \$368,000 in interagency contracts, with authority for 24 employees.
- For fiscal 1995 Texas received \$10 billion in federal funds to support key state programs such as human services, education and highway construction.
- The agency is subject to the Sunset Act and underwent Sunset Advisory Commission review during the interim. It will be abolished on September 1, 1995, unless continued by the Legislature.

DIGEST: CSHB 1399 would continue the Office of State-Federal Relations (OSFR) until September 1, 2007, and implement the following commission recommendations:

- transfer OSFR's responsibility of establishing a grant-writing team to the Governor's Office of Budget and Planning and modify the planning office's responsibility for federal discretionary grants;
- clarify OSFR's responsibility to provide information and to monitor, coordinate and report on federal formula funds;
- address coordination between OSFR and other state agencies affected by federal decisions and encourage agencies to contact OSFR before contacting federal agencies or Congress directly;
- require coordination between OSFR and the Legislative Budget Board (LBB) regarding the state and federal budget processes and require OSFR to enter into a contract with the LBB by January 1, 1996, under which LBB staff would work at OSFR;
- require the State Auditor's Office to establish a salary schedule for state employees subject to contracts with OSFR staff, including a cost-of-living adjustment to account for higher living expenses in Washington, D.C., and specify that the OSFR director and staff could receive the same adjustment as contract employees;
- encourage periodic meetings in Austin to provide information on federal activities to state agencies;

The bill would also include standard sunset provisions on preparation of financial report and development of an accessibility plan, agency funds deposited in treasury, equal employment opportunity policy, compliance with the open meeting act and other matters.

The bill would take effect September 1, 1995.

SUPPORTERS SAY: CSHB 1399 is needed to continue the Office of State-Federal Relations (OSFR) with the recommendations proposed by the Sunset Advisory

Commission for improving state-federal cooperation and maximize receipt of federal funds.

It is critical for Texas to obtain its fair share of federal funds, which make up roughly half the state budget. Hiring an LBB employee in OSFR's Washington office would increase the opportunity of receiving more federal funds by ensuring more timely information on budget matters and policy issues that would be available to both the Congress and the Legislature. The LBB would also receive important agency information on grant applications and waiver requests from federal funding rules.

A coordinated and organized state position on issues is important to the Texas congressional delegation. State agencies should work more closely with OSFR on policy issues and federal decisions. A periodic meeting consisting of Texas congressional representatives and state leaders would help the delegation become more informed on critical issues affecting the state.

A cost-of-living salary raise is needed for the Washington OSFR staff due to increased living and working expenses. A uniform pay scale would eliminate the director's \$40 per diem supplement, the subject of recent scrutiny and debate, and provide a salary adjustment for all staff to take into account high living costs in Washington, compared to Austin. The state auditor would consult with OSFR to set salary levels for the Washington staff, taking into account salaries of congressional committee legislative analysts. The Consumer Price Index (CPI) shows the cost of living in Washington as 14 percent higher compared to Austin.

Providing more administrative support would ensure that state agencies increase coordination efforts with OSFR regarding funding and policy issues in Washington.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

The committee substitute made several changes to the original version, which would clarify OSFR's responsibility to provide and coordinate the receipt of federal funds and transfer OSFR's responsibility of establishing a

grant-writing team to the Governor's Office. CSHB 1399 also deleted a requirements that OSFR monitor the *Federal Register* and *Texas Register*, notify local and state agencies regarding federal funds and coordinate the application process.