
**HOUSE COMMITTEE ON BORDER AND INTERNATIONAL AFFAIRS
TEXAS HOUSE OF REPRESENTATIVES
INTERIM REPORT 2004**

**A REPORT TO THE
HOUSE OF REPRESENTATIVES
79TH TEXAS LEGISLATURE**

**NORMA CHÁVEZ
CHAIRWOMAN**

**COMMITTEE CLERK
ALI ENRIQUE RAZAVI**



Committee On
Border and International Affairs

February 14, 2005

Norma Chávez
Chairwoman

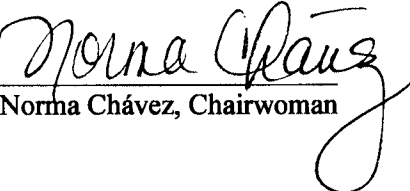
P.O. Box 2910
Austin, Texas 78768-2910

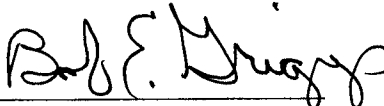
The Honorable Tom Craddick
Speaker, Texas House of Representatives
Members of the Texas House of Representatives
Texas State Capitol, Rm. 2W.13
Austin, Texas 78701

Dear Mr. Speaker and Fellow Members:

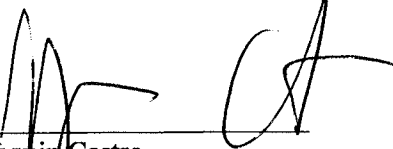
The Committee on Border and International Affairs of the Seventy-Eighth Legislature hereby submits its interim report including recommendations and drafted legislation for consideration by the Seventy-ninth Legislature.

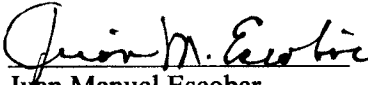
Respectfully submitted,

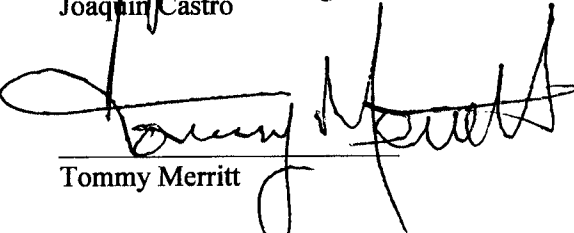

Norma Chávez, Chairwoman


Bob Griggs, Vice-Chairman

Gabi Canales


Joaquin Castro


Juan Manuel Escobar


Tommy Merritt

Debbie Riddle

Bob Griggs
Vice-Chairman

Members: Gabi Canales, Joaquin Castro, Juan Manuel Escobar, Tommy Merritt, Debbie Riddle

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INTRODUCTION

At the beginning of the 78th Legislature, the Honorable Tom Craddick, Speaker of the Texas House of Representatives, appointed seven members to the inaugural House Committee on Border and International Affairs. The committee membership include the following: Norma Chávez, Chairwoman; Bob Griggs, Vice-Chairman; Gabi Canales, Joaquin Castro, Juan Manuel Escobar, Tommy Merritt and Debbie Riddle.

Pursuant to House Rule 3, Section 37, the House Committee on Border and International Affairs has jurisdiction over all matters pertaining to:

- (1) the relations between the State of Texas and other nations;
- (2) international commerce and trade;
- (3) international and border area economic development, public health and safety issues affecting the border, tourist development, and goodwill, and economic development, tourist development, and goodwill in other areas of the state that have experienced a significant increase in the percentage of the population that consists of immigrants from other nations, according to the last two federal decennial censuses or another reliable measure; and
- (4) the provision of public services to persons residing in proximity to Texas' international border or in other areas of the state that have experienced a significant increase in the percentage of the population that consists of immigrants from other nations, according to the last two federal decennial censuses or another reliable measure.

The committee was assigned eight charges and held public hearings in El Paso on August 12, 2004, in Laredo on August 19, 2004 and in Edinburg on August 26, 2004.

The committee would like to express its gratitude to all the numerous community organizations, state agencies, federal agencies, and industry trade associations that testified before the committee at these first-ever interim hearings. The committee would also like to express its gratitude to the locally-elected officials and other House members who participated and helped in coordinating the hearings.

HOUSE COMMITTEE ON BORDER AND INTERNATIONAL AFFAIRS

INTERIM STUDY CHARGES

1. Identify specific areas of government effort that are lacking in coordination and develop strategies to improve communications between agencies of state government, the state and the federal government and between the Texas and Mexico government.
2. Assess the feasibility of collaborative scientific and technological research projects between Texas and Mexico universities.
3. Identify areas of health care need that specifically affect the border region or that disproportionately affect the border region, and develop strategies to improve conditions and reduce demand on the health care system.
4. Monitor the dispute on Mexico's water debt. Explore ways to continue planning cooperation of sister cities for water and wastewater.
5. Assess job training and retraining efforts in border areas and identify needs and solutions specific to this region of the state.
6. Study the issues relating to lending practices on the border, including the prevalence of subprime and predatory lending along the border.
7. Review and study all existing legislation affecting the development of transportation infrastructure in areas adjacent to the Texas-Mexico border. Study international trade issues as they relate to transportation, the adequacy of existing infrastructure to facilitate international traffic related to trade, the potential for development of inter-modal hubs and other mixed use facilities which promote more efficient trade and economic development, and the opportunities for contracting with Mexico or any of the Mexican states for joint development of transportation infrastructure.
8. Monitor agencies and programs under the committee's jurisdiction.

INTERIM CHARGE ONE

Identify specific areas of government effort that are lacking in coordination and develop strategies to improve communications between agencies of state government, the state and the federal government and between the Texas and Mexico government.

BACKGROUND

International affairs are considered to be primarily within the jurisdiction of the federal government. However, state and local governments have seen their roles in international affairs increase dramatically, which is why it is important that federal, state, and local governments communicate effectively with each other and amongst themselves.

The State of Texas shares a 1254-mile border with the United Mexican States, here after referred to as Mexico throughout this report. Along this border, the state shares a border with the four Mexican states of Chihuahua, Coahuila, Nuevo León, and Tamaulipas.

Since the passage of NAFTA and the beginning of decentralization of government in Mexico, the state has become more involved with working with its Mexican counterparts on issues ranging from environmental quality to transportation infrastructure. As a result of the increase of interaction between the state and the bordering Mexican states, the Office of the Texas Secretary of State has worked to facilitate communication between state agencies within Texas, as well as with Mexican federal and state governments and agencies, to address the unique needs of the Texas-Mexico border region.

The Texas Border and Mexican Affairs Division (TBMA), a division within the Office of the Texas Secretary of State (SOS), holds quarterly Advisory Roundtable meetings. The purpose of these meetings is to establish a dialogue and provide a forum for the various state agencies and entities to discuss the issues affecting the border, as well as develop strategies to improve the standard of living in the border region.

In addition to the meetings, TBMA helps coordinate and plan the annual Border Governors Conference. Since 1980, the Border Governors Conference has established a formal line of communication among the ten U.S. and Mexican border states to address agriculture, economic development, environment, health, and border security among other issues. Governors, other elected officials, and state agencies from the border states attend the conference to develop strategies and enhance efforts to address the unique needs of the U.S.-Mexico border.

The SOS is also charged with coordinating and facilitating meetings between the Governor and international leaders. The SOS serves as the state's Chief International Protocol Officer, and represents the Governor and the state at meetings and events with members of the international diplomatic corps, as designated from Executive Order GWB 95-11 by Governor George W. Bush. The SOS has named a Director of Protocol whose responsibilities include providing support to international officials posted in the United States, assisting the SOS with logistics for diplomatic visits and rendering assistance to the diplomatic corps and international community.

The Texas Office of State-Federal Relations (OSFR), which works closely with the Office of the Governor, the Legislature, and state agencies, helps in facilitating communication between the state and federal government, and promoting the interests of the state at the federal level. The OSFR has worked and informed the state agencies and entities about federal issues that affect the border region. According to the OSFR, the various state agencies and entities often coordinate effectively with other federal agencies to address the needs of the border.

ANALYSIS

State Coordination

According to the TBMA, the common purpose of the Advisory Roundtable is to:

- establish an ongoing dialogue relating to news and information of border and cross-border affairs,
- discuss, focus and monitor major issues and concerns,
- identify interagency coordination and collaboration activities to facilitate common policy and project objectives
- develop a profile of border and cross-border activities, initiatives and policies.¹

Currently, 28 different state agencies and offices are listed as Advisory Roundtable contacts:

- Department of Agriculture
- Commission on Alcohol and Drug Abuse
- Office of the Attorney General
- Comptroller of Public Accounts
- Economic Development & Tourism
- Texas Education Agency
- Texas Commission on Environmental Quality
- General Land Office
- Office of the Governor
- Health & Human Services Commission
- Higher Education Coordinating Board
- Department of Housing & Community Affairs
- Department of Insurance
- Office of the Lieutenant Governor
- The Texas National Guard
- Department of Parks & Wildlife
- Department of Public Safety
- Public Utility Commission of Texas
- Railroad Commission of Texas
- House Committee on Border and International Affairs
- Office of Rural Community Affairs
- Office of Senator Eddie Lucio
- Office of the Speaker of the House
- Office of State-Federal Relations
- Department of State Health Services
- Department of Transportation
- Texas Water Development Board
- Texas Workforce Commission.²

The following Advisory Roundtable contacts have border-related divisions and/or specialists, and receive federal funds designated for the border region:

- Department of Agriculture: Coordinator for Trade & Federal Issues
- Commission on Drug Abuse and Alcohol: Texas-Mexico Border Coordinator
- Office of the Attorney General: Colonias Prevention
- Comptroller of Public Accounts: Special Assistant for Legislative and Border Affairs
- Texas Commission on Environmental Quality: Office of Border Affairs
- General Land Office: Border Affairs Coordinator
- Office of the Governor
- Health and Human Services Commission: Director of Border Affairs
- Department of Housing and Community Affairs: Office of Colonia Initiatives
- Department of Parks & Wildlife: Director of International Affairs
- Railroad Commission of Texas: Director of International Affairs
- Office of Rural Community Affairs
- Department of State Health Services: Office of Border Health
- Department of Transportation: Office of International Relations
- Texas Water Development Board: Border Project Management Division.

State agencies not listed handle border issues on a case-by-case basis, and refer cases to an appropriate division within an agency, independent of regional geography.

Of these 28 different state agencies and offices, only the following had staff regularly present at these quarterly meetings in 2004:

- Department of Agriculture
- Office of the Attorney General
- Comptroller of Public Accounts
- Texas Commission on Environmental Quality
- General Land Office
- Office of the Governor
- Department of Housing & Community Affairs
- Department of Insurance
- Department of Parks & Wildlife
- House Committee on Border and International Affairs
- Department of Transportation
- Texas Workforce Commission.

At an Advisory Roundtable meeting, the state agencies and offices that were present stated they did communicate regularly with Mexican federal and state agencies via telephone and electronic mail, but the extent to which the state agencies can cooperate with other Mexican federal and state agencies is restricted. Meetings or certain projects may require that the staff from an agency travel to a Mexican border town to work with their Mexican counterparts. When the staff of an agency must travel to a Mexican border town to conduct business, the staff of that state agency will lodge and spend their per diem in Texas. However, the travel is considered an out-of-state expense since

the purpose of their travel is out-of-state. This limits the amount of business a state agency can conduct with other Mexican federal and state agencies since out-of-state travel budgets for a state agency are limited.

The committee has requested that the staff of the TBMA provide documentation that listed the different Mexican federal and state agencies that Texas state agencies cooperate and collaborate with on a regularly basis. The committee has not received such documents.

State and Institutions of Higher Education Coordination

Another area of state government effort in which coordination and communication can be improved is between public institutions of higher education and state agencies, which was also discussed at the Advisory Roundtable meeting. Although it appears state agencies collaborate with each other and with their Mexican counterparts, there is little collaboration with institutions of higher education. In various institutions of higher education in the state there are entire centers and institutes devoted to creating policy to address the unique needs of the border region as well as improve Texas-Mexico relations. However, there is no formal line of communication between these institutions, policy makers and state agencies. As a result many policy initiatives, which can address some border issues, are neither discussed nor implemented, they are simply shelved. Further discussion regarding the communication and coordination with institutions of higher education, policy makers and state agencies is in Interim Charge #2.

State and Federal Coordination

Based on the review of some state and federal funds designated for the border region, the committee briefly looked at the following: transportation, homeland security and water development.

For example in the area of transportation, the Federal Highway Administration (FHWA) in 1999 created the National Corridor Planning and Development Program (NCPD) and Coordinated Border Infrastructure Border Program (CBI). These programs provide funding for planning, project development, construction and operation of projects that serve border regions near Mexico and Canada and high priority corridors throughout the United States.³ From FY 1999-FY 2004, the FHWA has awarded \$1,233,120,230 to the states to improve transportation infrastructure. For comparative purposes, the following is the total funds awarded from FY 1999-FY 2004 to some border and non-border states:

- Texas- \$85,098,504
- Alabama- \$66,366,456
- Arkansas- \$77,920,995
- California- \$67,377,678
- Kentucky- \$82,856,583
- Washington- \$66,228,093
- West Virginia- \$104,665,395.⁴

In comparison with Texas, several non-border states have been awarded a significant amount of funding. Since the inception of these programs, the funds directed from the state to the border region

have decreased. Below are the total amount of funds the state has received through NCPD and CBI programs:

- FY 1999- \$14,000,000
- FY 2000- \$18,305,000
- FY 2001- \$8,038,325
- FY 2002- \$19,808,400
- FY 2003- \$20,950,000
- FY 2004- \$3,996,779
- FY 2005- \$8,450,000.⁵

Below are the amount of funds from NCPD and CBI programs that have been directed to the border region:

- FY 1999- \$12,300,000
- FY 2000- \$18,305,000
- FY 2001- \$5,687,000
- FY 2002- \$15,900,000
- FY 2003- \$4,250,000
- FY 2004- \$1,786,795
- FY 2005- \$1,000,000.⁶

In order to address current transportation needs in the border region, the Texas Department of Transportation and OSFR must enhance coordination efforts with the FHWA to increase the funds the state receives through the NCPD and CBI programs. The lack of coordination and accountability of administering these federal funds has diverted border-dedicated funding to non-border areas of the state. Funds awarded through NCPD and CBI programs must be directed to the border region. Further discussion regarding federal funding for transportation is in Interim Charge #7.

NAFTA-related traffic is expected to continue increasing, and trade agreements such as the Central American Free Trade Agreement (CAFTA) and Free Trade Area of the Americas (FTAA) may potentially further increase the amount of traffic entering the state's ports of entry. NAFTA side agreements failed immensely to adequately fund the transportation infrastructure needs of high-impact NAFTA trade corridors. As a result of this failure, the burden of funding and maintaining transportation infrastructure of NAFTA trade corridors has fallen to state and local governments. Prior to the passage of CAFTA and FTAA, the state must coordinate efforts with the federal government to ensure that there are side agreements that will provide the state the resources necessary to maintain and develop the infrastructure needed to handle increases in trade traffic.

Communication between state and federal government on the issue of homeland security must be enhanced as well. Experiences last year with the Department of Homeland Security (DHS) indicate that improvements can be made. State officials had requested last year that DHS provide detailed information regarding the impact that the US-VISIT program will have on cross-border commerce and travel. The House Committee on Border and International Affairs had invited DHS to the August 19th interim hearing in Laredo to provide information about the implementation and impact of US-

VISIT, but they chose not to attend. Policies such as US-VISIT will have a dramatic impact on local economies, international trade and goodwill between the U.S. and Mexico. Requiring visitors, who respect and obey state and federal laws, to provide fingerprints and photographs to enter the country could detrimentally affect goodwill. This may also negatively affect international commerce with the state and nation.

DHS held hearings along the border discussing the US-VISIT program, however, state and local officials were not notified in advance of these hearings. In fact, there has not been any formal coordination between federal, state, and local governments, nor is there any ongoing dialogue between these entities. Further discussion in regards to US-VISIT is in Interim Charge #7.

At the state level, there is a lack of communication and coordination between TBMA and the Texas Office of Homeland Security (OHS). Since 9/11/2001, \$645,568,387 in homeland security funds have been administered through the Governor's Office and other state agencies.⁷ Funding for the 32 sub-county border region has not been adequate. In FY 2002/2003/2003, the Governor's Office administered a total of \$113,944,900 in supplemental homeland security first responders grants to the entire state, of which only \$7,446,746, or 6.50%, went to the 32 sub-county border region.⁸ In FY 2004, \$64,989,155 in supplemental homeland security first responders grant funds were administered, of which \$5,067,707, or 7.79% was administered to the 32 sub-county border region.⁹

Bioterrorism funds administered by the then Texas Department of Health (TDH), now the Texas Department of State Health Services (TDSHS), in FY 2002/2003 totaled to \$166,363,396 for the entire state, of which only \$4,308,115, or 2.58%, went to the 32 sub-county border region. In FY 2004, TDH administered \$81,900,000 in bioterrorism funds, of which only \$6,278,332, or 7.66%, was administered to the 32 sub-county border region.¹⁰

In an event in which biological or chemical agents are used in a terrorist act along the Texas-Mexico border, the impact of such an event would immediately affect:

- two sovereign nations
- one U.S. state and four states in Mexico
- 14 counties and 22 municipalities and
- 7 pairs of sister cities.

The OSFR and the OHS must coordinate efforts at the federal level to increase the funding awarded to the state. Thereafter, OHS should base funding allocation formulas for homeland security funds on risk.

In regard to water development, the Texas Water Development Board (TWDB) is the agency primarily responsible for administering the Economically Distressed Areas Program (EDAP). EDAP was funded by legislative and voter bond authorizations of \$250 million in TWDB issued state General Obligation bonds. EDAP assists communities develop proper water and waste water systems.

The Office of Rural Community Affairs (ORCA) also helps communities develop proper water and waste water systems for EDAP counties. Program funding for ORCA in FY 2004 was comprised of

94 percent federal funds and 6 percent state funds. The funds directed from ORCA to the border region have been primarily used for the development of water and waste water systems.

There is a lack of coordination between the agencies to assist EDAP counties develop water and waste water systems. Although the two agencies receive funding from two different sources, these agencies could expedite the process of providing residents in EDAP counties in the border region with first-time water service. ORCA should allocate the federal funds its receives based on need, and provide those that do not lack water and/or waste water system the funds necessary to develop them. The two agencies, ORCA and TWDB, in coordination with the OSFR, could identify other possible federal funds to address the needs of EDAP counties. Further discussion in regards to EDAP funding is in Interim Charge #5.

Interagency Work Group

Inadequacies in communication and coordination at the state and federal level can be addressed by formalizing current structures, such as the Advisory Roundtable Board. Precedents for formalizing interagency working groups do exist. In the 78th Legislative Session, HB 649 by Keffer and Christian, created an interagency work group on rural issues. HB 649 required that certain agencies select an designee to represent that agency to attend an annual work group meeting. The purpose of the work group is to allow agencies to communicate and coordinate on issues facing rural communities, and to provide information on the impact each agency has on rural communities for use in developing rural policy. This work group then must publish an annual report regarding their rural policies. The agency responsible for completing this report is the Office of Rural Community Affairs.

Similarly, a formal interagency work group can be established to help develop and implement policies that will improve the border region. Currently, there is no agency solely dedicated to border issues as there is one for rural issues in which to place the interagency work group. However, such a work group could be placed under the jurisdiction of the Comptroller of Public Accounts (CPA). CPA is one of the few agencies that has performed extensive research on the border region.

International Protocol and Trade

Currently, there is no formal coordination between the Legislature, the Office of the Governor and SOS in terms of recognizing international visitors. The lack of formal coordination may be negatively interpreted by international visitors. Reciprocity is important in international relations. Therefore the state must enhance current international protocol coordination efforts if the state intends to maintain current relations and develop new relations with other countries.

In terms of international trade, the state must maintain its competitive edge. Other border and non-border states have developed strategies to enhance international trade. Texas, which has the most land ports of entry along the U.S.-Mexico border and handles over 70% of NAFTA traffic, one of the busiest airports in the world, and one of the busiest seaports in the world, should develop an international trade advisory board consisted of various state and local agencies and members of the business community. The advisory board would meet annually to develop strategies and make recommendations as to how the state can improve and maintain its global competitiveness.

As an example, the state of Wisconsin developed the International Trade Council, which was an advisory body of senior agency officials, community leaders and other interested parties mandated with charting a strategy for the state's international competitiveness.¹¹ As a result, Wisconsin has developed a reputation for innovative international programs in the fields of trade development and education.¹²

RECOMMENDATIONS

1. The committee recommends that the Legislature introduce legislation that would create a formal interagency work group on border issues that will meet at least once per year. This work group will help develop and implement policies for the border region, and will provide the Legislature annual report of how each agency impacts the border region.
2. The committee recommends that the Legislature introduce legislation that would create a formal international trade advisory board that will meet at least once per year. This group will help develop and implement policies that will enhance the state's global competitive edge and will provide the Legislature with annual recommendations and a report of the status of trade in the state.
3. The committee recommends that the Legislature introduce legislation that would encourage state agencies and public institutions of higher education with centers and institutes dedicated to creating public policy to hold forums in which they can collaborate and develop policy initiatives to address the needs of the border region.
4. The committee recommends that the Legislature introduce legislation that would formalize current international protocol coordination efforts between the Office of the Governor, the Legislature, and Secretary of State.
5. The committee recommends that the Legislature introduce legislation that would requiring any state agency that receives federal funding designated for the border region to ensure that such funding will go to the border region.
6. The committee recommends that the Legislature introduce legislation that would allow travel by staff of state agencies to a Mexican border town to conduct business, where travel, lodging and per diem are spent in Texas, to be considered in-state travel.

INTERIM CHARGE TWO

Assess the feasibility of collaborative scientific and technological research projects between Texas and Mexico universities.

BACKGROUND

Texas' state institutions of higher education educate not only future leaders of the state and country, but future leaders of the world. Students from all over the world attend universities in the state in hope of learning not only to benefit themselves, but to help benefit others in their native countries. Since 9/11/2001, the process of allowing international students to study in the U.S. has become increasingly difficult. As a result, it will become increasingly difficult to teach others from outside the U.S. to learn about the institutions and values that have helped shape and built our state and country.

Despite the terrorist attacks, it is important for Texas to maintain its relations and collaborations with other countries. For example, the opportunities for increased collaboration between Texas and Mexican universities are numerous. Currently there are many binational projects that are either ongoing or proposed by various universities. The unique environment, location, economic situation, and relationship between institutions of higher education along the border provide for opportunities which are available nowhere else in the world.

The University of Texas at Austin

The University of Texas at Austin (UT) is involved in several collaborative efforts with institutions across the border. During the 2003-2004 school year, 231 students from Mexico attended the university, representing a 22% increase from the year before. Most of these students pay in-state tuition due to either academic appointments or the Texas Advocate for Migrant Students (TAMS) program. Furthermore, 19 Mexican institutions including the National Council for Science and Technology have agreements with UT. A diabetes study along the Texas-Mexico border, specifically in Starr County is a sample of UT's health research involvement on the border. The university worked to alter lifestyle factors in order to study the effects of these changes in a county where residents have an abnormally high predisposition to contracting diabetes. The program provided real world training for university students, Starr county residents, and free health care to countless more residents of the county. The program provided almost \$250,000 in federal funds to support the 5-year program.

On the technical end of the spectrum, UT is involved in several projects ranging from flood plain mapping to water and waste water research. UT's partners in these endeavors include the Universidad Autónoma de Tamaulipas, Centro Geográfica of the Universidad Nacional Autónoma de México, and the Instituto Nacional de Estadística Geografía e Informática. In order to coordinate UT's geological efforts the Bureau of Economic Geology was created. This center has worked with numerous Mexican institutions to provide valuable information on the geological state of the border. For its work with water and waste water research along the Rio Grande basin, UT received \$400,000 from the U.S. Department of Agriculture (USDA). To coordinate these efforts, UT founded the Teresa Lozano Long Institute of Latin American Studies in 1940. This institute is one of the largest research and teaching groups on Mexico and bilateral U.S.-Mexico relations outside Mexico. The center is focused on coordinating efforts, research, and financial sources to further its research.¹³

Texas A&M University

Texas A&M is also involved in several collaborative efforts with Mexican institutions. The Texas A&M University Center in Mexico City was established in 1993 with the expressed purpose of facilitating research and academic exchanges, promoting and coordinating university activities, and expanding partnerships with Mexican institutions. The university has established seven priorities based on the needs of Mexico in general and the border specifically. These priority areas are: biotechnology and bioinformatics, health, telecommunications and information technologies, environment, advanced materials and manufacturing, energy, and urban development and sustainability. Texas A&M also has a strong relationship with CONACYT (the Mexican National Council for Science and Technology). An agreement of cooperation and higher education in the areas of science and technology was signed between Texas A&M and CONACYT in 2001. CONACYT and Texas A&M University are both dedicated to long-term, collaborative approaches through research in science and technology to address issues facing the United States and Mexico. In terms of health issues, Texas A&M is heavily involved in the state of Coahuila. Working with local community leaders and representatives from the Departments of Education, Health, and Social Development, the "Healthy Development Program" seeks to identify and address local health needs. The university is also involved with eight Mexican universities, the American Medical Association, and the University of Texas at Austin in the Consortium for Health and Human Development Initiatives. The consortium's focus is on addressing the sociological and cultural causes of diabetes on both sides of the border. The university has also sought to close the cultural gap by instituting a faculty abroad seminar. Since 1994, Texas A&M has sent ten faculty members each year to Mexico City to learn about culture and society in Mexico. ¹⁴

The University of Texas at Dallas

The University of Texas at Dallas (UTD) is also involved in several collaborative efforts as well. In 1995, UTD established the Center for U.S. - Mexico Studies to facilitate international education, research, and public service programs. The center has facilitated many research and cooperative learning functions since its creation. Currently, UTD has 85 Mexican scholars enrolled. The majority of these are at the bachelor level, but about 40% are pursuing higher level degrees. Several of these students are enrolled under the Pilot Program for Enrolling Mexican Students. The program provides in-state tuition rates for students who attended three years of high school in the US and attained their degree from a U.S. school. There are currently 20 students enrolled under this program at UTD. The institutional involvements at UTD include, but are not limited to, agreements between the University of Guanajuato, CONACYT, and the Organization of American States. All of these agreements have led to research opportunities and exchanges between these and several other institutions. UTD is also the current center for the Strategic Partnership for Research in Nanotechnology (SPRING). SPRING is a cooperative effort between numerous Texas institutions pursuing research in nanotechnology. (Nanotechnology can best be defined as a description of activities at the level of atoms and molecules that have applications in the real world. It encompasses precision engineering as well as electronics; electromechanical systems as well as mainstream biomedical applications in areas as diverse as gene therapy, drug delivery and novel drug discovery techniques.) Two other institutions involved with SPRING are UT Brownsville and UT Pan American, who are involved in the "Nano-on-the-Border" program. UTD is also seeking to plant small research centers for SPRING in Mexico and get Mexican institutions involved in the

program.¹⁵

The University of Texas at El Paso

The University of Texas at El Paso (UTEP) currently has over \$174 million invested in its research and sponsored projects portfolio. Over 9% (15 million dollars) of this total is allocated to research in and with Mexican institutions. UTEP is involved with several institutions on the Mexican side and has 33 signed formal agreements with organizations in Mexico. This includes agreements with individual universities, state and federal agencies, and non-profit organizations. UTEP is also involved with several large national research consortiums in Mexico. These include, but are not limited to, CONACYT and FUMEC (United States-Mexico Foundation for Science). Their research interests consist of environmental concerns, health, education, culture, advanced technology, engineering, trade, and economic development. The university also implemented the Internet2 program which established a high-speed internet connection with the Universidad Autónoma de Ciudad Juárez. The two institutions now have the capability of sharing information at an accelerated rate across the border. They also have several other major projects under construction that seek to improve border conditions and provide groundwork for continued educational improvement.¹⁶

The University of Texas at San Antonio

Throughout the various colleges within the University of Texas at San Antonio (UTSA), there are numerous collaborative study and research programs taking place. Several of the notable involvements include accounting research with the Universidad Autónoma de Nuevo León, several involvements in the college of education, archeological agreements with CONACYT, a collaborative effort with the Tecnológico de Monterrey, and with several organizations on research on improving international trade. UTSA is also a member of CONAHEC (Consortium for North American Higher Education Collaboration). CONAHEC enhances the mutual understanding and cooperation in the North American community by fostering collaboration between institutions of higher education in Canada, Mexico and the United States. It works with North American federal, state and provincial governments on issues relating to higher education. The university also has instituted the Small Business Development Center Network in Mexico. The center seeks to help development of small businesses by establishing cross border networks, providing training, and consultation.¹⁷

Texas A&M International University

Texas A&M International University's (TAMIU) involvement with Mexican institutions of higher education is comprised of several projects. In Fall of 2004, the university initiated the first doctoral program in international business. The goal of this program is to provide training on the unique business environment of the border. The university has also proposed the creation of the Center for the Study of Homeland Security which is envisioned as a focal point for teaching and learning about critical issues facing our nation and world in the face of a global terrorism threat. Along with UT Austin, TAMIU, is one of only two universities in Texas in statute to award joint degrees with foreign universities. This project is currently being pursued with the Tecnológico de Monterrey, the Universidad Autónoma de Tamaulipas in Nuevo Laredo, and several other universities. Texas A&M

International University also houses a number of research centers that conduct research on border issues and international trade, including the Texas Center for Economic and Enterprise Development, the Center for Study of Western Hemisphere Trade and the Institute for International Trade.¹⁸

Sul Ross State University

A small rural school, Sul Ross State University's cross border involvement is mostly limited to interaction with the Universidad Autónoma de Chihuahua (UACH). There have been several occasions upon which Sul Ross has had memoranda of agreement with UACH. Much of this collaboration has been in the form of joint teaching of classes, most of which were on international trade. Sul Ross offers an MBA degree program at UACH which is taught by Sul Ross faculty on the weekends. There are 25 students enrolled in this program at any given time. A variety of research projects have been completed by Sul Ross faculty and students along the border on topics such as biology, geology, water issues, entrepreneurial characteristics of business owners and antibiotic resistant pathogens in the Rio Grande River. Many of these projects have taken place in Big Bend National Park. The university is also a founding member of the Mexico North Research Network, a non-profit consortium of U.S. and Mexican universities, museums, research institutes, and cultural centers.¹⁹

ANALYSIS

Texas has helped educate the future leaders of this state and of this country, however, there are still many obstacles that prevent Texas from broadening its relations with other countries. Despite the numerous collaborative efforts taking place throughout the state at large urban and small rural universities, there have been several obstacles to furthering relations. One issue facing collaborative projects is the traversing of the border. Crossing the border and acquiring visas to allow Mexican nationals to work on this side of the border has become far more difficult since the events on 9/11/2001. The already lengthy process of applying and waiting for approval of a visa now takes much longer. This has become such an involved process that visa applications now have to be submitted months before a project is going to begin. Sometimes the research is time sensitive and the prolonged visa application process makes the research difficult to conduct. This problem has grown to such proportions that researchers will occasionally abandon a project rather than wait out the duration of the visa approval process. The implementation of enlightened immigration policies would eliminate many of the obstacles now facing Texas Universities that are seeking to promote improved economic and political relationships within the hemisphere. Unfortunately, due to security and terrorism concerns at this time, the difficulty in obtaining research visas may be an unavoidable necessity for the foreseeable future.

Communication lapses are another source of difficulty in collaboration. These lapses take several forms. There is a significant language gap in many instances where collaboration between institutions on both sides of the border is being pursued. This makes sharing and understanding information and intentions quite difficult. The cultural gap and lack of working relationships are also major problems. The differences in formal practices at meetings and the means by which business is carried out can make meeting times an inefficient and awkward ordeal.

Significant to this problem of binational studies, is the fact that there is no overseeing, coordinating entity to relay information. This can lead to a group on one side of the border either being unaware of another's intentions or misunderstanding them. This can lead to embarrassment and project failure if officials on one side of the border or the other are unaware of an ongoing project in an area under their jurisdiction. The technology to facilitate actual communication also is not in place at many border institutions. This makes coordinating and sharing information a much larger ordeal than it needs to be. Several universities have struggled to perform tasks like video conferencing and email, and no progress toward attaining these goals has been made. Many efforts between universities on both sides of the border have met with apparent failure. Currently, there are no official or mandated conferences of the state's universities to discuss ongoing border research projects and collaborative research projects with Mexican universities. Increased individual collaborations lead to institutional arrangements that develop infrastructure to support additional collaboration.

Funding education for Mexican students pursuing degrees on the Texas side of the border is a significant problem. During the 77th Legislative Session, HB 1403 by Representative Rick Noriega allowed universities to offer some students who have attended U.S. high schools for three years and graduated from them an in-state tuition rate. HB 1403 removed the federal immigration status as a decisive factor for determining the eligibility to pay in-state tuition at Texas universities and public colleges for students who graduated from a Texas high school or who attended school and received

a GED, as long as they met the minimum residency, academic and registration criteria. However, the number of students that this offer can be extended to is limited to one Mexican student for every thousand American citizens attending an institution, and once these students are going to school here, they are unable to work until the lengthy process of acquiring citizenship is completed. The DREAM Act (Development Relief and Education for Alien Minors Act) is bipartisan legislation pending in Congress to clear up the immigration status issues and address federal barriers to education and work confronted by the U.S.-raised children of undocumented immigrants. The DREAM Act would allow a state the right to determine which students qualify as "residents" for the purpose of in-state tuition and would provide a mechanism for certain long-term resident immigrant students with good moral character to apply for legal residency so that they can work and fully participate in their communities. Along these lines, funding for projects is always an issue as well. Most projects are jointly funded from sources on both sides of the border. However, projects taking place across, or on both sides of the border, usually rely heavily on U.S. side provided funds. Best case scenario, the projects are equally funded by organizations on both sides of the border. This funding can come from universities, directly from the government, or through private organizations. It has been found that funding on the Mexican side is sometimes not so readily available, and if the project is going to carry on, the funding gap must be subsidized with United States funds.

RECOMMENDATIONS

1. The committee recommends that the Legislature introduce legislation that would create a state research office within the Higher Education Coordinating Board specifically designed to encourage and monitor Texas/Mexico research collaborations with the opportunity to expand to other countries.
2. The committee recommends that the Legislature introduce legislation that would create a database for researchers from Texas and Mexico, listing areas of academic expertise and training.
3. The committee recommends that the Legislature introduce legislation that would allow for the development of clearer procedures for getting local and state approvals for international health research while still allowing for flexibility to carry out this vital collaboration.
4. The committee recommends that the Legislature increase funding to universities to facilitate collaboration projects.
5. The committee recommends that the Legislature introduce legislation that would create a biennial summit of the state's institutions of higher education that are conducting projects about the border region and that are collaborating with Mexican institutions of higher education.
6. The committee recommends that the Legislature introduce legislation that would establishing or altering existing grants that would require the collaboration of the state's and Mexico's institutions of higher education.
7. The committee recommends that the Legislature introduce legislation that would create sabbatical programs that encourage state researchers to spend time in Mexican research laboratories.
8. The committee recommends that the Legislature introduce legislation that would fund language and cultural training for researchers that are working with counterparts in Mexico.
9. The committee recommends that the Legislature introduce legislation that would that would relax the limit on students allowed to participate in PPESM, the Pilot Program for Enrolling Mexican Students. It currently is set at one Mexican national per every thousand American citizens, which many universities can afford to increase.

INTERIM CHARGE THREE

Identify areas of health care need that specifically affect the border region or that disproportionately affect the border region, and develop strategies to improve conditions and reduce demand on the health care system.

BACKGROUND

The border region, the state and nation's most dynamic region, is the most medically underserved region. Higher uninsured rates, high rates of migration, higher rates of poverty and inequitable health conditions are factors that must be taken into consideration when developing strategies to improve health care in the region. In addition to these socioeconomic factors, another factor that must be considered is how certain policy decisions may affect the ability to improve health care and health conditions in the region. Perhaps the most notable policy decision made during the 78th Legislature that has affected the region was the passage of HB 2292. Also, certain agency failures, such as the inability of the Department of Family and Protective Services and/or Adult Protective Services to serve the elderly and disabled, contribute to numerous health issues already facing the region.

Adult Protective Services

Earlier this year, much attention was brought to the border region, specifically in El Paso County, as a result of the inability of the Department of Family and Protective Services-Adult Protective Services Systems (TDFPS-APS) to adequately address the needs of the elderly and disabled. El Paso County Probate Court Judge Max Higgs issued a report about the treatment and protection of the elderly and disabled in the El Paso area. The report cited cases where many of the elderly and disabled, who were under the supervision of TDFPS-APS, were found in a state of abuse, neglect and exploitation. As result of this failure, the Office of the Governor issued an executive order, Executive Order RP 33, directing the Texas Health and Human Services Commission (HHSC) to immediately review and restructure the TDFPS-APS program.

The systemic failure of TDFPS-APS's ability to protect the elderly and persons with disabilities is not exclusive to El Paso County. Other counties outside of the border region have cited cases where the agency failed to protect the people it is supposed to serve. The review and the restructuring of TDFPS-APS though, is of unique importance to the border region. The region has disproportionately higher levels of poverty and higher levels of certain health risks, such as diabetes and tuberculosis. These factors increase the probability that the elderly and persons with disabilities from the region will have to depend on the services provided by TDFPS-APS. The region also has a cultural factor that needs to be considered in the ongoing review and restructuring of TDFPS-APS. This cultural factor may pose as a barrier between the agency and the clients it needs to serve.

Terry Hammond, a member on Texas Guardianship Advisory Board, in written testimony, provided to the committee a few of the cases of TDFPS-APS:

- An eighty-six year old woman lives in a Honda Civic outside of her home because she cannot navigate her way through 18 tons of debris she has hoarded in her home. TDFPS-APS, after receiving a psychological report indicating the woman is "losing touch with reality," allows her to continue living in the car until she breaks her hip and is out all night in freezing temperatures before being found by a neighbor with an 85 degree body temperature.
- An eighty-seven year old man, who earned five Bronze Stars in World War II, lives in a Dodge Rambler station wagon outside his rural home because his home is too dangerous in which to live. An APS supervisor from Lubbock meets with the man and hears the clearly

delusional man speak of UFOs and interacting with dead presidents and celebrities. A quality assurance supervisor from Lubbock approves closing the case without intervention. The man subsequently is terrorized by someone who repeatedly finds him and steals his monthly pension check.

- An eighty year old woman lives in a verbally and physically abusive home where her thirteen children fight over her and in front of her. TDFPS-APS observes this woman to have numerous strokes, broken bones, and multiple hospitalizations, and police are called to the home on numerous occasions. After eight months, TDFPS-APS acts and removes her from this environment. The woman lives only three weeks before dying.
- An elderly woman's family members call TDFPS-APS about the woman, indicating the woman has no air conditioning or utilities, leaves the house during the day and walks around town in scorching temperatures, and that a foul odor emanates from the woman's home. A TDFPS-APS caseworker goes out several times during business hours, leaves her card, notes the foul odor, and closes her case. Two years later, after media reports about similar cases, the family again calls APS, which then removes the woman from a home rendered impassable by five to six foot mounds of debris, refuse, and discarded fast food items.²⁰

The agency's culture, inadequate training of caseworkers, and lack of accountability within TDFPS-APS are a few reasons explaining the agency's failure. The agency emphasized that a client's self-determination was more important than the client's safety. An example of the agency's philosophy in practice was the agency's method of determining the mental capacity of clients. Caseworkers would determine whether or not a client was incapacitated by using a five-question capacity test. The client could have been suffering from abuse, neglect, or exploitation, but if the client was able to answer the five-question test, the caseworker would deem the client not being incapacitated and would close the case.

Caseworker training was poor. Caseworkers would attend a one-week training course and would then be trained for another week on the legal aspects of the job. However, many caseworkers would not receive the second part of the training until the end of their first year, and in some instances a caseworker may not have received any training at all before beginning casework. As a result, caseworkers that were assigned exploitation cases had not received proper exploitation training, and other caseworkers that were assigned to neglect cases, had not received proper training on legal intervention. Furthermore, caseworkers had been discouraged from seeking judicial intervention to resolve a client's needs, since such intervention would have been constituted as a "failure."²¹ Consequently, clients continued to live in deplorable conditions.

Inadequately trained caseworkers assigned with high caseloads affected the agency's ability to serve its clients. This problem though was only exacerbated with the lack of accountability within the agency. Caseworkers were not properly evaluated and received little, if any, feedback on their performance. Cases could be closed since cases were not normally reviewed by management. In other situations in which a caseworker did try to intervene on behalf of their clients, their supervisors would turn them away. These inconsistencies within the agency have made it rather difficult to assess where improvements need to be made and where the problems exist.

HHSC issued a final report detailing the restructuring of TDFPS-APS program. The restructuring

process will span three years and cost approximately \$34.1 million. The HHSC plans to add an additional 144 caseworker staff to the agency's current total 446, and invest \$4.6 in mobile technology such as Tablet PCs, telemedicine, and digital cameras to support caseworkers in the field.

Increases in staff will reduce caseloads for workers, and the incorporation of technology, according to HHSC, will allow TDFPS-APS investigators to more efficiently assess a client's situation and determine what services are needed.²²

HHSC's reform plan also calls for the implementation of a performance management system. This system is designed to ensure accountability at all levels of staff. The system will monitor and report regularly the performance of staff. Other in-agency management changes include moving from a five-district structure to a nine-region structure. The intention of this aspect of the restructuring is to strengthen oversight and support of local TDFPS-APS offices. Also under the plan, the state's guardianship program will transfer to the Department of Aging and Disability Services (DADS). According to HHSC, this transfer will prevent conflicts of interests in determining which clients need guardianship services.²³ These and other reforms in the report will improve the effectiveness of TDFPS-APS in addressing the needs of elderly and disabled residents in the state.

HB 2292

The purpose of HB 2292 was to consolidate and reform an antiquated and ineffective system by implementing changes in health and human service policy necessary to ensure that the state continues to serve its citizens who are most in need of health and human service assistance.

Counties in the border region that passed resolutions against the implementation of HB 2292:

- Bexar County
- Cameron County
- Culberson County
- Dimmit County
- El Paso County
- Frio County
- Hidalgo County
- Jim Wells County
- Medina County
- Starr County
- Uvalde County
- Willacy County.²⁴

In these counties, thousands of residents depend upon the services provided by the agencies and departments that are subject to elimination or reorganization under HB 2292. The counties expressed concerns of the potential negative impacts of the \$171 million reduction in Medicaid and Children's Health Insurance Program (CHIP) funding leaving local entities to make up the difference. Furthermore, the counties are concerned about the potential job losses that will be created as a result of the privatization of certain services under HB 2292 and the impact these job losses will have in their local communities.

The Texas State Employees Union (TSEU), an organization opposed to the passage of HB 2292, believes that HB 2292 has negatively impacted the border region. According to TSEU, approximately 147,000 children statewide lost CHIP benefits due to HB 2292, of those children 45,316 live in the border region.

In addition to cuts in services, 217 of the Department of Human Services offices will be replaced with 1-4 privatized call centers to determine the eligibility of clients for federal programs such as Medicaid, Temporary Assistance for Needy Families (TANF) and CHIP. Of the 217 DHS office closures statewide, 79 DHS offices are in the border region and employ 3137 state employees. The loss of 3137 DHS employees will result in \$62.7 million lost in the region.²⁵ TSEU cites some economists' claims that for every dollar generated in a community, it is spent seven times. This in turn may mean that overall economic impact in the region will be a loss of \$438.9 million.²⁶

According to HHSC, the consolidation of agencies as directed by HB 2292 will not affect the availability and the delivery of services in the border region. HHSC further claims that the administrative efficiencies created as a result of HB 2292 will support the allocation of more resources to direct services.²⁷ One of the methods employed to enhance administrative efficiency is the use of call centers, as previously mentioned.

HHSC will create integrated eligibility and call centers. The intention of these centers is to streamline the eligibility determination processes. These centers, if cost effective, will be operated by private entities. Decisions regarding the location or whether to outsource these centers have yet to be made. HHSC claims that the centers will improve client access, customer service, and community involvement.²⁸ As bureaucracy is decreased, convenience is increased, which benefits the client. Clients will now be able to determine their eligibility via the telephone, internet, and facsimile.

In regard to the issue of lost CHIP and Medicaid benefits, according to data from the HHSC, CHIP enrollment in the 32 county sub-border region, there was 32.8% decline. Medicaid enrollment in the 32 county sub-border region increased by 3%.²⁹

Border Health

The border region is where the developing world meets the developed world. Health issues that affect Mexican border communities will invariably affect the state's border communities. Cultural factors, such as the predominance of Hispanics in the region, also affect the region's health concerns and needs. Lastly, socioeconomic factors greatly affect the region's health needs as well.

More than one-third of residents in the region are uninsured and 41 of the 43 counties in the border region are federally designated as medically underserved.³⁰ For example, in Webb County there are only 43.5 primary care physicians per 100,000 residents, while the rate for the state is 70.0 per 100,000 residents.³¹ The shortage of health care professionals only exacerbates the regional health problems.

Residents in the border region earn approximately \$10,000 less annually compared to other parts of the state. In some areas of the region, nearly one-third of the population lives in poverty. According

to the U.S. Census Bureau, Hidalgo County, located in the Rio Grande Valley, is the poorest county in the U.S., followed by neighboring Cameron County. Lower incomes and higher levels of poverty negatively affect almost all health concerns.

Some diseases disproportionately affect residents in the region in comparison to the rest of the state. In the Rio Grande Valley, the death rate from diabetes is 34% higher than in the state overall. According to projections by the Center for Disease Control and Prevention, half of all Hispanic children born in 2000 and after will develop diabetes during their lifetime unless preventive measures are taken.³² Approximately 80% of the population within the Department of State Health Services Region 11, which serves the Rio Grande Valley, is Hispanic. Cervical cancer is also higher among women in the Rio Grande Valley. Women in this area of the region die at twice the national rate of cervical cancer.³³

Webb County also exhibits health concerns that disproportionately affect the region. In the county, the tuberculosis rate per 100,000 residents is 20.8, in comparison to the overall state rate of 7.3. The region overall has a tuberculosis rate twice as high as in other parts of the state. Also in Webb County, the Hepatitis rate per 100,000 residents is 58, compared to the state's rate of 12.³⁴

ANALYSIS

Adult Protective Services

HHSC has started to implement some of the reforms outlined in their final report, although some additional reforms may benefit from further legislative action. In the report, HHSC believes some of the following issues can benefit from legislation:

- Sharing information with community organizations
- Improvements to guardianship in the state
- Role of law enforcement
- Emergency removal procedures.³⁵

As a result of scrutiny and reanalysis of the TDFPS-APS policy of allowing clients who are at risk to refuse services because they were deemed not lacking capacity, HHSC now believes sharing information with community organizations can help these clients. Currently, TDFPS-APS cannot make referrals in cases where clients are deemed to be at risk because state law currently limits the caseworker's ability to share information with third parties, such as community organizations, outside of the investigative process without client approval. According to HHSC, this limitation prevents TDFPS-APS from receiving assistance from community organizations for at-risk clients. Allowing the agency to share information with community organizations could improve the agency's ability to serve the client's needs.

HHSC states that under current statutes TDFPS-APS reports to a law enforcement agency only after a finding has been reached. HHSC recommends an early reporting requirement for cases where abuse, neglect, and exploitation of a criminal nature may have occurred. Early law enforcement involvement in cases where criminal conduct may have taken place would in effect enhance the agency's ability to protect and serve its clients.

In some cases, emergency removals are necessary to protect clients from immediate harm. The courts normally grant a 72-hour emergency removal period, offering a 14-day extension if deemed necessary. Within that time period, caseworkers must develop a plan to assess and minimize the risk that faces the client. Extensions are commonly requested, but do not provide caseworkers sufficient time to adequately reduce the risk of the client. By replacing the current 14-day extension with a 21 to 30 day extension, caseworkers will have the time necessary to develop a plan to reduce the risk for their clients.

These reforms will help, to a certain degree, improve the effectiveness of TDFPS-APS in serving the elderly and disabled. However, to avoid another failure like that which occurred in El Paso County, further reforms must be made. Additional funding, staffing, and training will improve the agency's effectiveness in the short-term, however, it will not improve the agency's effectiveness in the long-term.

TDFPS-APS, under the reform plan, will move from a five-district structure to a nine-region structure. This reform will help, to some extent, the agency's ability to serve. However, HHSC should consider redesigning TDFPS-APS to allow more local autonomy, control, and supervision,

including the hiring and firing of supervisors and caseworkers along the Juvenile Probation model. Giving local communities and local governments more input would ensure that the agency would be better able to serve the needs of its clients and will use resources more cost effectively. Allowing more local input and involvement would increase accountability and transparency within the agency. Particularly in the border region, decentralization of the agency would allow the agency to effectively address the unique factors affecting the region such as increased levels of poverty, colonias, and cultural barriers.

Another particular reform that HHSC will implement that could be further improved is the placement of the guardian process under DADS. According to the report, there are potentially two conflicts of interest that may arise under the current structure. Presently, the state guardianship program and the program charged with investigating client cases are administered by TDFPS-APS. Staff in the guardianship program responsible for areas under investigation by TDFPS-APS are in the same program as the investigating staff, thus investigations may not be as unbiased as they should be. HHSC believes by placing the guardianship program under DADS such conflict of interest can be avoided. However, a better solution might be to create an independent entity solely dedicated to guardianship. An independent guardianship program may not be prone to intra-agency conflicts that HHSC has expressed concerns about.

HB 2292

In the short-term, HB 2292 may benefit the state, however, in the long term some aspects of HB 2292 may be detrimental for the state and region. The loss of CHIP and Medicaid benefits for residents in region could negatively impact the region, and could create more health challenges for the region. Former recipients of these benefits may not be able to receive preventive care, which is vital in decreasing the possibilities that persons may require emergency care. Emergency care visits significantly cost more to provide for state and local governments. The lack of preventive care will only increase the demand of health services provided by the border counties. Many of the diseases that affect the region can be treated, or prevented, with preventive care. Undetected or untreated, the cases of disease that disproportionately affect the region will increase, further straining the region's fragile health care system, and requiring state and local governments to allocate more financial resources to handle a preventable problem. Reinstating the CHIP and Medicaid benefits could improve the conditions of the region's health care system.

The privatization of some of the functions currently performed by the state has raised concerns about the impact it will have on the delivery of services, as well as the economic impact it will have on communities in the region. It is important that not all DHS offices in the region face closure. The proposed integrated eligibility and call centers may not adequately serve the region's needs. Although clients may be able to contact these centers via internet, many of the residents who depend on these services in the region do not have internet access. If residents do contact these centers it will be primarily via telephone, however, a significant amount of residents speak a language other than English-- primarily Spanish. Unless these centers are properly staffed with bilingual employees, residents may not have the same level of access or service as they previously had under the old structure. For these reasons, some DHS offices should remain open in the region.

Under HB 2292, HHSC will create four of these proposed integrated eligibility and call centers.

While the locations for these centers have yet to be determined, and in light of recent outsourcing trends where businesses and states have sent some of their functions overseas, it is important that the state require the centers be located in the state. Laws and regulations concerning a client's privacy may be different in other countries. The only option to ensure that the privacy of residents in the region and state is being protected is by ensuring that these centers be located within the state.

Border Health

As previously mentioned, preventive care can help to significantly reduce the rates of disease and reduce health care costs. One of the diseases that is most prevalent in region is diabetes. Diabetes disproportionately affects Hispanics, and the region itself is predominantly composed of Hispanics. Obesity is one of the root causes of diabetes. Obesity prevention efforts aimed at children can help reduce the long term risk of being diagnosed with the disease. By developing and funding diabetes prevention programs in health departments and community health centers, not only can rates of diabetes decrease, but the health costs associated with treating a chronic disease such as diabetes will decrease as well.

In addition to diabetes, many other diseases such as tuberculosis, and cervical cancer affect the region. Due to the region's importance to the state and national economy, the region is a potential target of bioterrorism. Increasing the region's public health surveillance system can help monitor and prevent many of these diseases. Establishing disease control programs and funding studies on bioterrorism at institutions of higher education and schools of medicine in the region would enhance public health surveillance in the region. Also, creating a border health region would help the state adequately address many of the unique health issues of the region. Currently the region is divided into three different health regions.

The shortage of health professionals is another health care need that affects the region; however, there are strategies that can address this issue. Increasing the capacity of health education institutions in the region will increase the number of health professionals. Creating health magnet schools in the region will help identify students who wish to pursue a career in health and provide those students with education and skills necessary to obtain degrees in their chosen profession. Offering and increasing the funding of scholarships, loan repayments, and grants for health professionals in the region would ensure that health professionals stay in the region, as well as increase the number of professionals wanting to serve there.

RECOMMENDATIONS

1. The committee recommends that the Legislature introduce legislation that would further reform the Department of Family and Protective Services-Adult Protective Services system by providing local governments and communities more input over the agency.
2. The committee recommends that the Legislature introduce legislation that would create an independent guardianship advisory board.
3. The committee recommends that the Legislature introduce legislation that would reinstate CHIP and Medicaid benefits where possible that were lost as a result of HB 2292.
4. The committee recommends that the Legislature introduce legislation that would prevent the outsourcing of health information.
5. The committee recommends that the Legislature introduce legislation that would create an obesity prevention program that is relevant to the dietary habits specifically of residents in the border region.
6. The committee recommends that the Legislature introduce legislation that would ensure that bioterrorism funds from the Office of Homeland Security or any other sources that administers such funds based funding allocation formulas on risk, and that funding for bioterrorism studies is allocated to research institutions in the border region.
7. The committee recommends that the Legislature consider the benefits of creating a border health region.
8. The committee recommends that the Legislature increase funding of scholarships, loan repayment programs and grants to increase the amount of health professionals serving in the border region.

INTERIM CHARGE FOUR

Monitor the dispute on Mexico's water debt. Explore ways to continue planning cooperation of sister cities for water and wastewater.

BACKGROUND

The Rio Grande and its tributaries is the primary source of water for the Texas-Mexico border region. Both the state and Mexico depend on the Rio Grande to provide water to its residents and water for irrigation. It is important that the state ensure the quantity and quality of water are at the highest levels for its residents. Many factors can influence the availability and quality of water. The lack of adequate water and wastewater infrastructure in colonias affect the health of residents and of the environment in the region. Also, the transporting of hazardous materials from Mexico to the state can impact the quality of water. Perhaps the most controversial factor affecting the availability of water in the region is the U.S.-Mexico water debt.

Water Debt

The primary entity that is responsible for applying U.S.-Mexico water treaties and resolving differences between the two nations is the International Boundary and Water Commission (IBWC). The water treaty that is of most concern to the region is the 1944 treaty. This water treaty covers the area from Fort Quitman to the Gulf of Mexico. Under the treaty, Mexico delivers water to the U.S. from six of its tributaries to the Rio Grande. The waters that come from these tributaries are allotted so that two-thirds goes to Mexico and one-third goes to the U.S. Annually, Mexico is to provide from its tributaries an average of 350,000 acre-feet of water in cycles of five years.³⁶

Mexico ended the 1992-1997 five-year cycle with a deficit of over one million acre-feet of water. During the 1997-2002 cycle, the deficit grew to 1.5 million acre-feet.³⁷ According to the IBWC, during the current water delivery year, Mexico has delivered more than double the annual average required under the treaty. Various factors such as increased rains in Mexico, the transfer of Mexican ownership to U.S. ownership at the Amistad Dam, and a water accounting procedure created by the IBWC at the Anzalduas Dam that diverts additional volumes of water downstream of the international storage reservoirs, contributed to the increase in delivery this year.

Currently, the IBWC and Mexico are negotiating the current water deficit, which may result in a payment plan of the entire deficit by end of the current cycle in 2007.

Water and wastewater

The water quality of the Rio Grande is of utmost importance to residents in the region. Poor water quality can pose an environmental health risk that can negatively affect residents. State and federal agencies have been working with their Mexican counterparts to ensure that wastewater that is released into the Rio Grande meets certain guidelines and regulations that will protect the health of residents. Also, state agencies are working together to construct adequate water and wastewater facilities in the region, particularly in colonias, which will minimize the health risks for residents.

The North American Development Bank (NADBank) is an international finance institution, created by the governments of the U.S. and Mexico. NADBank finances projects related to wastewater treatment and waste management within a 100 kilometers north and south of the U.S.-Mexico border. So far, according to NADBank, funding for 32 projects in the state have been approved, by which 510 colonias have benefited.³⁸ These projects include the construction of wastewater

treatment facilities, water and wastewater connections, irrigation pipeline installations, and water conservation improvements.

The Texas Water Development Board (TWDB) also provides grants and loans to address the water and wastewater needs of the state's economically distressed areas, which are primarily located in the border region. Counties that do not have adequate waste and wastewater infrastructure are referred to as economically distressed areas. The TWDB addresses these areas' needs through economically distressed area programs, also known as EDAP. Currently, there are 2,333 economically distressed communities in the 42 EDAP-eligible counties with a combined population of approximately 484,900 residents.³⁹ The majority of EDAP-eligible counties are in the border region.

Of the 2,333 economically distressed communities, 1,409 communities have water and wastewater needs.⁴⁰ According to TWDB, 297 communities need water systems, 352 other communities need wastewater systems, and 760 communities need both. Furthermore, it is estimated that within these 1,409 communities:

- 47,394 people need first-time water service
- 58,292 lack wastewater treatment
- 107,015 are without water and wastewater

An estimated \$785 million is required to address the needs of these communities.⁴¹

According to the TWDB, as of June 30, 2004, numerous projects to assist economically distressed communities are underway. The TWDB had 88 projects with EDAP serving 825 communities. Of these projects, 52 have been completed, 20 are in construction and 16 are in design. The amount of total construction funds for these projects is \$545.7 million. Approximately 293,435 residents, or 61% of the 2003 estimated colonia population of 484,900, will be served by current efforts.⁴²

In addition to TWDB, the Office of Rural Community Affairs (ORCA) also administers funding for the installation of water and wastewater systems, albeit under different guidelines. ORCA administers federal Community Development Block Grant (CDBG) program funds for colonia programs. According to ORCA, 10 percent of CDBG funds are set aside for the installation of water and wastewater systems, individual home hookups, and affordable housing construction renovation activities. Since its creation, the amount of CDBG funds that ORCA has administered:

- FY 2002- \$67,789,356
- FY 2003- \$85,585,688
- FY 2004 to August FY 2004- \$56,811,031.⁴³

The numbers of awards granted by ORCA from the CDBG funds:

- FY 2002- 279 awards
- FY 2003- 317 awards
- FY 2004 to August FY 2004- 232.⁴⁴

The number of awards granted from CDBG funds that were used for the installation water and

wastewater projects in the border region:

- FY 2002- 39
- FY 2003- 36
- FY 2004 to August 2004- 42.⁴⁵

The other funding source that ORCA administers is the Colonia Fund of the Texas Community Development Program (TCDP). The Colonia Fund has three different components of which two are related to EDAP: Colonia Construction Fund (CCF) and Colonia EDAP Fund.

For a county to submit an application on behalf of eligible colonia areas, the colonia area must be located within 150 miles of the Texas-Mexico border. However, any county that is part of a metropolitan statistical area with a population exceeding 1 million is not eligible for this fund.⁴⁶ Traditionally, the border region has been defined into 3 categories:

- 43-county South Texas border region
- 32-county sub-border (La Paz) region
- 14-county actual border region.

Under the guidelines set forth by the Colonia Fund, the border region encompasses 67 counties.

According to ORCA, CCF is distributed through an annual competition. Funding priority is given to TCDP applications from localities that have been funded through the TWDB EDAP. A TCDP project will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with access to the TWDB EDAP funded water or sewer system.⁴⁷

The Colonia EDAP Funds are distributed on an as-needed basis to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with access to the TWDB EDAP funded water or sewer system improvement project. An application for the Colonia EDAP Fund cannot be submitted until the construction of TWDB EDAP funded water or sewer system begins. Of the 2002 funds, \$500,000 was awarded to Webb County for a project. For 2003 funds, no awards have been made to date, although 3 applications were submitted for Starr, Hidalgo, and Bee counties, for a total of \$1.38 million.⁴⁸

Environmental Health

The Texas Commission on Environmental Quality (TCEQ) monitors the water quality and enforces state environmental regulations in the region. Until the 2003 fiscal year, TCEQ conducted inspections of commercial traffic carrying hazardous waste materials along the border.⁴⁹ In FY 2003, the last year TCEQ conducted inspections, approximately 9,600 trucks were inspected. According to TCEQ, U.S. Customs decided that since TCEQ employees are not peace officers and considering the risks at the border, TCEQ should stop inspections.⁵⁰ TCEQ still supports U.S. Customs in the event of a spill, or if the agency has questions regarding hazardous waste material. When a spill does occur in transit, TCEQ is the primary responder for spill cleanup.

Many sister cities along the border have contingency plans to respond to any chemical disaster or emergency along the border, with the exception of the cities of El Paso and Ciudad Juarez which are currently developing one.

TCEQ is also responsible for monitoring and regulating dumpsites. In 1997, in a study done with Mexico, TCEQ examined the border region's illegal dumpsites. TCEQ, in cooperation with county governments, estimated that a total of 1,247 illegal dump sites had been cleaned up in the previous year.⁵¹ The study also found that 20,073 total sites still existed. According to the study, the five counties with largest number of illegal dump sites are:

- Hidalgo County (8,530)
- Cameron County (6,007)
- Maverick County (2,017)
- El Paso County (1,542)
- Jim Wells (674).⁵²

The costs incurred by county governments to conduct a one-time clean up of all existing sites was estimated at \$21.88 million.

ANALYSIS

Water Debt

The state is limited in what it can do in regard to the U.S.-Mexico water debt. However, the state can develop and fund water conservation projects in the border region in to offset some of the effects the water debt may have on the region. TWDB and TCEQ should collaborate with public institutions of higher education that are studying and developing water conversation projects and determine the applicability and feasibility of those projects for the border region.

Recently, the University of Texas at San Antonio (UTSA) has expressed interest in working with the committee and other interested governmental agencies to determine how its Center for Water Research can help understand the nature of the waters resources in the Rio Grande watershed and help propose solutions to the water-related problems of the border region.⁵³

Enhancing communication and collaboration between state agencies and the state's institutions of higher educations can lead to the development of innovative and efficient water projects that can diminish the negative impact the U.S.-Mexico water debt has on the state.

Water and Wastewater

The state must continue to fund EDAP projects to ensure that all colonia residents have access to potable water, and that wastewater is properly drained and treated and does not pose as health risk to residents. The process of providing water and wastewater services to colonia needs to be expedited. According to the TWDB, \$785 million is required to address the needs of 1,409 communities that lack water and/or waste water systems. It is imperative that the state allocate funds or develop a new funding mechanism to ensure that these communities needs are addressed within an appropriate time frame.

Assuming sufficient funds, ORCA should increase the amount of CDBG funds directed to EDAP counties. The number of counties in the border region that were awarded CDBG funds from ORCA remains low. ORCA and the TWDB need to coordinate efforts so that the needs of residents in the region who need first-time water service can be more promptly addressed. Consideration should be given to the Colonia Funds that are administered by ORCA, possibly directing more of those funds to those counties that are located 43-county border region. Under the current guidelines that ORCA uses to administer the Colonia Funds, funding is awarded to counties outside the border region as defined in statute.

Environmental Health

The state must reassume inspections of hazardous material at border inspection stations. These materials, if not inspected, can then be sent to dumpsites that may or may not be regulated, and can affect the quality of water in the region through runoff and discharge. Strengthening enforcement of current dumpsites is necessary to protect the quality of water and the health of residents in the region. TCEQ inspectors should be reauthorized to perform inspections along the border. The state also needs to increase the penalties for illegal dumping. Furthermore, the state needs to study the costs of

cleaning up existing illegal dumpsites of all the 43 counties in the border region, which can pose as an environmental health risk to residents. Lastly, legal disposal and waste reduction alternatives must be provided to give consumers more affordable options to achieve compliance with current waste regulations.

RECOMMENDATIONS

1. The committee recommends that the Legislature introduce legislation that would allocate the funding necessary to address the water and waste water needs of the 1,409 EDAP communities with a certain allotted time frame.
2. The committee recommends that the Legislature introduce legislation that would require ORCA to prioritize funding from the Colonia Funds to those counties that are in the border region as defined by statute.
3. The committee recommends that the Legislature introduce legislation that would require ORCA to increase the amount of funding awarded from CDBG funds to EDAP counties in the border region.
4. The committee recommends that the Legislature introduce legislation that would encourage TWDB and TCEQ to collaborate with the public institutions of higher education to develop and implement water conservation projects along the border to offset the potential negative effects of the U.S.-Mexico water debt.
5. The committee recommends that the Legislature introduce legislation that would reauthorize inspectors of TCEQ to reassume inspections of hazardous materials crossing the border.
6. The committee recommends that the Legislature introduce legislation that would increase the enforcement and penalties of illegal dumping.
7. The committee recommends that the Legislature fund the cleaning up of existing illegal dumpsites in the border region.

INTERIM CHARGE FIVE

Assess job training and retraining efforts in border efforts in border areas and identify needs and solutions specific to this region of the state.

BACKGROUND

Employment in the border region remains significantly lower than in other regions of the state. The average annual income of a resident in the region also remains lower than in other regions in the state; residents in the region earn approximately \$10,000 less than residents in other regions. According to the U.S. Bureau of Labor and Statistics, wages for workers in the border region are also among the lowest in the nation.

Part of the reason for these disparities may lie in the fact that 80 % of adults in the border region do not have a university or community college degree, compared with 75% statewide.⁵⁴ In the border region, only 21 % of adults possess an associate's degree, and only 63% have a high school diploma.⁵⁵

The shift in the economy may also explain the economic disparities that exist in the border region. Cameron County, like many other counties in the region, has seen a transition from a labor oriented economy to a service industry oriented economy.⁵⁶ This shift began in 1997 with the initial massive lay-off event in the labor industry that displaced approximately 800 workers. In the past few years Cameron County has lost thousands of jobs. The majority of the dislocations not only affected those in the garment industry, but other labor intensive vocations as well. In 2001, the manufacturing sector in Cameron County lost a total of 1,400 jobs, followed by a loss 2,200 jobs in 2002 and at least 600 in 2003.⁵⁷

Occupations with the most annual average job openings between 2001 and 2003 in Cameron County were primarily in retail and services. This is very common along the border region because most of these jobs do not require an advanced education, therefore they offer no benefits and an entry-level salary of minimum wage, \$5.25 or \$6.35 an hour, to employees. Displaced workers do not seem to fit the education profile that employers outside of the service or retail industry desire. Training centers have also catered to this trend. They began training displaced workers to work in these available service and retail jobs. This has affected the manufacturing industries that are still present in the border because they no longer have a pool to hire workers from, so numerous positions go unfilled.

Job-training programs were created to help displaced workers adapt to the economic transition. In 1995, the Legislature consolidated most state workforce programs into a single agency, the Texas Workforce Commission (TWC). One of the new agency's primary responsibilities is to oversee more than a dozen employment programs.⁵⁸ The purpose of these programs is to provide job training and aid in finding employment for individuals who have not been hired due to their lack of education. County judges and mayors of the major cities in each region can appoint a single workforce development board, charged with coordinating and procuring workforce services, to draw upon state and federal funds.⁵⁹ In 1996, the state was awarded a five-year school-to-work grant for \$61 million, administered by TWC. The 27 school-to-work partnerships in Texas work closely with the state's Tech-Prep program, which implements the strategies developed by school-to-work.

The goal of programs in the border region are to better equip workforce members to perform basic tasks, such as reading their work-schedule or filling in time sheets. These goals should be a focal point in order to improve the situation of these workforce members. The Texas Education Agency (TEA) operates the Adult Education Program to provide training in literacy, English language, basic

academic skills, life-coping skills, and high school-level competencies for 212,000 out-of-school youth and adults. In 1997, this agency awarded about \$29 million in grants to adult education cooperatives across the state. Statistics show that this amount of funding is enough to train about 7% of the adults stuck in the lowest literacy level.⁶⁰

In 1993, the Texas Legislature created the Texas Smart Jobs Fund which provided grants to businesses to train or retrain new and existing employees. The region's businesses received a little over \$8 million in Smart Jobs grants for 5,097 workers.⁶¹ Smart Jobs has proven to be an effective means of helping companies train workers and create new jobs for them. However, companies in counties with the highest unemployment rates have a hard time competing with those counties that have a higher employment rate, such as Dallas and Houston. These grants were awarded on a first-come, first-serve basis. This provided little competition to the Dallas and Houston areas that were awarded a combined 44 percent of the Smart Fund Jobs funds while only having a 3.2 percent unemployment rate.⁶² The border region, with a significantly higher unemployment rate was awarded only 12 percent of the fund.

At the federal level in 1993, the same year the North American Free Trade Agreement (NAFTA) was ratified, Congress created the NAFTA Trade Adjustment Assistance (NAFTA-TAA), a program designed to help workers especially hard hit by the new trade agreement. NAFTA-TAA is federally funded and provides occupational, literacy, English-as-a-Second-Language (ESL), and entrepreneurial training, along with income support for up to 52 weeks, payments for job search commutes, and a relocation allowance to employees who have lost their jobs because of NAFTA.⁶³ The job training programs required by NAFTA-TAA were not specifically designed to address the needs of the border region. In the 77th Legislative Session, HB 2593 by Chávez, created a pilot workforce development program designed to meet the needs of the NAFTA displaced workers in the border region which integrated computer-skills training, ESL and GED courses. This innovative workforce development program demonstrated that combining English with basic computer technology skills and GED helps jumpstart displaced workers instead of corralling them in two-year courses that neither assist or improve English, nor provide any basic computer skills. In the age of technology, the most vulnerable and most likely to be left behind are those with limited English, with no computer background or education skills, and no GED. The pilot program also demonstrated that many of those in the project continued educational opportunities and 70% of the people enrolled in the pilot program were placed in jobs in 2004.⁶⁴

There is a noticeable disparity in funding between counties in the border region with high unemployment rates and counties elsewhere with lower rates. Funding has historically not been distributed in the most effective manner. Border counties that have a high rate of unemployment should receive more funding. Workers in the border area have the highest demand for these funds, and the net effect of their proper distribution is a decrease in unemployment rates in the most ailing part of the state.

ANALYSIS

To facilitate growth in the economy in the border region, the border region's unemployment issue must be addressed. Enhancing job training and retraining programs in the border region would not only increase the quality of the workforce available to employers, but also result in higher wages throughout the border. Texas has a "work first" approach within the workforce development system and because of the limited training dollars and "work first" mentality, individuals often get a referral to another low-wage job. Adults need funded facilities where they can acquire the skill set needed for today's market. This would be a worthwhile investment that could transform the workforce in the border region into one that is better educated, skilled, and prepared for the demands of the future.

Workforce Development Funding

The Skills Development Fund (SDF) is a program administered by TWC. SDF assists businesses and labor unions by designing, financing, and implementing customized job training programs in partnership with public community and technical colleges for new or existing jobs in local businesses. The SDF program has served 164 employers and 20 business consortia by training 4,313 new workers and retraining 8,626 current workers. According to the TWC, workers from these programs now earn an average wage of \$17.16 per hour.⁶⁵ The program has not received a significant increase in funding since its inception in 1995:

- FY 1996-1997: \$22.5 million
- FY 1998-1999: \$24.0 million
- FY 2000-2001: \$23.8 million
- FY 2002-2003: \$25.1 million.⁶⁶

The funding for this program has not met the demand of the business community that seeks a highly-skilled workforce. Increasing the funding of SDF would help in the economic development of the border region. The region would benefit from additional workforce programs developed in conjunction with the business community. The hourly wages earned by workers who have successfully completed the SDF training program have increased, which demonstrates the program's past success. Higher wages for workers in the region would help address the income disparity that currently exists between the state and the border region.

Allocating funding from the Texas Enterprise Fund (TEF) to the SDF program could benefit the border region and the state's effort to attract businesses. Currently, the region has not benefited significantly from TEF. One of the reasons that it has been difficult to attract businesses to the region is the shortage of highly-skilled labor. The number of job applicants who lack the basic skills for the job they seek is increasing. Through allocation of TEF funds to the SDF program, the region can begin to develop the highly-skilled workforce that businesses presently need.

In addition to increased funds for workforce development and adult education, the state must not return program funding to the federal government. TEA returned \$2.5 Million of Adult Basic Education Funds (ABE) to the U.S. Department of Education.⁶⁷ NAFTA-TAA spends \$8,500 per pupil to train them in a combination of programs that comprise of ESL, GED, and vocational programs.⁶⁸ The \$2.5 million returned to the U.S. Department of Education could have helped

294,000 people at \$8,500 per pupil to become more educated, empowered and helped in finding employment. The \$2.5 million returned to the U.S. Department of Education could have also been used for funding for the academic programs of the El Paso Community College. This issue must be addressed to ensure the state is utilizing all the resources available to give undereducated adults opportunities to higher wage jobs through Workforce Basic Skills Training. The state receives these federal funds based on the number of adults without a high school diploma. TEA then allocates 75% of the federal funds to school district geographic areas based on student contact hour. The allocation formula for these funds should be reanalyzed and funds possibly distributed with greater emphasis based on need rather than on student contact hour.

The state has 3.8 million undereducated adults, yet only 2.8% of the eligible population utilizes TEA's ABE programs.⁶⁹ In 1999, 69% of the U.S. employers reported that skill shortages were a barrier to growth, compared to 27% in 1993. The state was ranked 2nd overall in the number of undereducated adult learners in the United States.⁷⁰ Literacy funds and education funds need to be organized and allocated in a county and district geographic area by the state administration, but as is clear in the border region, this has yet to occur. The state's non-federal expenditure is \$12.8 million as compared to California's \$643 million, according to the U.S. Department of Education's figures for FY 2001-2002.⁷¹ Our limited funds should be used only for training that matches the skills to the market and for skills that lead to a career path.

A new Workforce Adult Literacy Program should be established to provide the 3.8 million undereducated adults and their families greater access to higher wage jobs.⁷² The occupations which provide moderate on-the-job training still pay below average. Low-wage jobs are a burden to our state and federal government because individuals may still need supportive services to survive which does not allow people to advance and get out of poverty. Enhancing job training and retraining programs to the adult-learning population will determine post-training placement and will also present new methods to improve the border region's condition in increasing the labor force rate. In order to train these individuals, facilities must be staffed adequately to handle the unique demands of the border. Currently, there are no facilities that meet this criteria in the border region. The proposed Workforce Adult Literacy Program will impact economic growth in Texas.

Community Colleges

The region is home to eight of the state's 51 community colleges, along with three technical colleges. These colleges enrolled 22% of the state's community and technical college students, but awarded 16% of the state's certificates of completion and 17% of the state's associate degrees. One of the primary concerns of the community colleges in the border region is local decision making authority. Community colleges in the border region have expressed support for local decision making authority to recover costs. To provide the workforce development programs that are needed in the border region, community colleges need more latitude in setting tuition and in recovering costs. In doing so, community colleges will have the funds necessary to provide enhanced job training programs, which may lead to a higher ratio of student completion of these programs.

Currently, there is no provision in statute to recover lost contact hour funding from community college students who are repeating a course for the third time.⁷³ The General Appropriations Act eliminated contact hour funding to community colleges and universities for students in this category.

Community colleges should be able to charge students out-of-state tuition to recover from students the contact hour funding withheld from the state.⁷⁴

Education Code, Section 54.003, stipulates that community colleges are limited to charging only the tuition and fees as authorized in the code. Presently, there is no provision that permits differential tuition for certain programs such as nursing and allied health, which are expensive to operate and frequently have a low student to faculty ratio making such programs costs prohibitive. Community colleges should be permitted to charge differential tuition for high-cost programs.

There is no provision in statute that allows community colleges to assess fees beyond incidental fees. Education Code, Section 54.504, limits the charging of fees to incidental fees. Incidental fees are, but not limited to: late registration fees, library fines, microfilming fees, thesis or doctoral manuscript reproduction or filing fees, bad check charges, application processing fees and laboratory breakage charges.⁷⁵ Community colleges need the flexibility to assess fees to fund specialized services for students. Currently, institutional funds are simply not available to fund such initiatives and students cannot be charged a fee for these services. However, these services may be provided if community colleges could charge a reasonable fee.⁷⁶

Agricultural Workers

For the purposes of improving the employment conditions in the border region it is recommended that the TWC undertake a comprehensive survey to assess the current working and living conditions of agricultural workers. The state should be gravely concerned about the agricultural workforce in the border region. Historically, farm workers have been treated quite differently under terms set out by a large number of worker protection laws. As early as 1938 when the Fair Labor Standards Act was first established, agricultural workers were excluded from its statutory protections; this continued until they were finally recognized under its minimum wage protections laid out in 1966. Other rights farm workers were excluded from in the 1930's where from social security, workers compensation, and from unemployment compensation. Farm workers continued to be cut out of numerous exemptions enacted in the law that, along with many other things, excluded some agricultural workers from the relief of minimum wage assurance. The law also denies most farm workers the right to overtime pay, regardless of how many hours they labor in the fields. There are many other employment-related protections that also exclude farm workers. The National Labor Relations Act, which grants workers the right to organize and bargain collectively, excludes farm workers from its protection. Most farms are exempt from the obligation to provide workers with potable drinking water, toilets, and hand-washing facilities. Numerous farm workers are ineligible for unemployment benefits and the protections of workers' compensation insurance, despite the fact that farm workers routinely experience periods of unemployment and work in one of America's most hazardous industries. These exclusions from legal protections have a negative impact on farm workers and contribute to the factors that discourage farm workers from staying in the industry or others from seeking work in agriculture.

Because of the precedent treatment of agricultural laborers, there is perhaps a greater need for close examination of this labor force and its current conditions. In the future, the state will need to take an even deeper look into what is necessary to bringing equality of circumstances to these workers. To begin, there is certainly a lack of current information on this border-specific taskforce. As last

recorded, 84% of all agricultural workers in the U.S. speak Spanish as their first language; this is a compelling indication that border officials need to be strongly concerned about this labor force. Agricultural workers contribute to a large portion of the working class laborers in these areas and need to be a major consideration in local labor assessment. At present the U.S. Department of Labor is the only national information source on the demographics, working, and living conditions of U.S. farm workers. The last and most recent study they conducted was conducted in 1998, and still lacks a complete focus on the border region's specific characteristics and needs. If the State had access to a source of current, aggregated all-encompassing data for agricultural workers in the border region, officials would be able to assess more efficiently the problems associated with this workforce. Once these problems were clear, the state officials would be more adept in allocating resources to better remedy these laborers' problems and this would indirectly contribute to improving the overall employment conditions in the border region. U.S. agriculture is benefiting economically from increased access to global markets, but agricultural workers are not sharing in the benefits of the expanding agricultural economy. Production of fruits and vegetables has increased and global demand for American produce continues to grow, but agricultural worker earnings and working conditions are either stagnant or in decline.

RECOMMENDATIONS

1. The committee recommends that the Legislature introduce legislation that would allocate funds from the Texas Enterprise Fund (TEF) to establish a Skills Development Local Job Training Incentive Program.
2. The committee recommends that the Legislature introduce legislation that would revise the current workforce allocation formula to be based on need.
3. The committee recommends that the Legislature introduce legislation that would ensure Texas Education Agency's commitment to adult basic education programs.
4. The committee recommends that the Legislature introduce legislation that would allow universities and community colleges the ability to charge out-of-state tuition to recover from students the contact hour funding withheld from the state.
5. The committee recommends that the Legislature introduce legislation that would permit flexibility for community colleges to charge differential tuition for higher cost programs.
6. The committee recommends that the Legislature introduce legislation that would allow community colleges to assess fees to fund specialized courses.
7. The committee recommends that the Legislature introduce legislation that would allow Texas Workforce Commission to undertake a comprehensive survey to assess the current working and living conditions of agricultural workers.
8. The committee recommends that the Legislature introduce legislation that would support measures such as normalizing worker protections and working conditions for farm workers.

INTERIM CHARGE SIX

Study the issues relating to lending practices on the border, including the prevalence of subprime and predatory lending along the border.

BACKGROUND

Financial institutions have an important role in the development of the border region. The border region has the poorest quality of life and the lowest standard of living in the state, and financial institutions have taken part in reversing this trend by investing in the border region and providing border residents access to various financial services that, previously they were not able to access. As residents of the border region increasingly use financial institutions, trends suggest residents are not being not being fairly treated by financial institutions, particularly in the lending markets.

The committee was charged with studying issues regarding the prevalence of subprime lending along in the region, as well the prevalence of predatory lending. There are various subprime lending markets ranging from automobile lending to payday lending. Although for the purposes of this charge, the committee is focused primarily on the practices occurring in the home lending market, specifically home purchase and home refinance loans, as well as lending and financing that occurs in colonias along the border region.

State financial regulatory agencies, advocacy groups, community organizations, and industry groups provided various different reasons that may explain the prevalence of subprime lending in the border region, as well as, the prevalence of predatory lending.

Subprime Lending

According to the Federal Deposit Insurance Corporation (FDIC), "subprime" refers to the credit characteristics of the borrower at the loan's origination, rather than type of credit or collateral considerations.⁷⁷ Subprime borrowers typically have weakened credit histories that include payment delinquencies, and possibly more severe problems such as charge-offs, judgments, and bankruptcies. In addition, subprime borrowers may display reduced repayment capacity as measured by credit scores, debt-to-income ratios or other criteria. According to the FDIC, subprime borrowers generally display a range of credit risk characteristics that may include one or more of the following:

- Two or more 30-day delinquencies in the last 12 months, or one or more 60-day delinquencies in the last 24 months;
- Judgment, foreclosure, repossession, or charge-off in the prior 24 months;
- Bankruptcy in the last 5 years;
- Relatively high default probability as evidenced by a credit bureau risk score (FICO) of 660 or below (depending on the product/collateral), or other bureau or proprietary scores with an equivalent default probability likelihood; and/or
- Debt service-to-income ratio 50% or greater, or otherwise limited ability to cover family living expenses after deducting total monthly debt-service requirements from monthly income.⁷⁸

Other federal and state financial regulatory agencies use this definition as a regulatory standard. Although for the purposes of the report, a subprime borrower can be succinctly defined as a borrower with a limited or impaired credit history.

The costs of borrowing on the subprime market are higher than those associated with the prime

market, which consists of traditional lenders and borrowers with good credit histories. Since subprime borrowers possess a higher degree of risks for lenders, subprime loans will have a higher interest rate and fee structure. Subprime lenders typically use the criteria aforementioned to place borrowers into subcategories such as A-, B, C, and D. These different subcategories represent a different level of credit risk, thus a different interest and fee structure for each subcategory.

Populations that had been considered underserved, potential borrowers with limited or impaired credit histories, such as many minorities and recent immigrants, benefited from the expansion of credit that the subprime market created. Subprime loans have provided home-ownership to those who would not otherwise qualify for a home loan. Financial institutions, likewise, benefited from this expansion of credit as an entire new market was created. Subprime lending institutions, which are most often mortgage and consumer finance companies, have seen profits increase as they further expanded into the subprime market. Subprime mortgage lending grew significantly over a short period of time. In only eight years from 1994-2002, across the country, the volume of subprime mortgage originations grew from \$35 billion to \$213 billion.⁷⁹

The subprime lending market does have pivotal a role in the development of the border region. Expanding home-ownership to residents in this region will help improve the overall quality of life and standard of living. Due to the importance of the subprime lending market in the border region, as well as the rapid growth of the market in general, it is important that regulators effectively monitor the market for lending activity that may be constituted as predatory. Recently, across the country, state and border region, the issue of predatory lending has come forth as an increasing problem in the subprime lending market. It must be noted though that subprime lending and predatory lending are distinct. However, subprime lending does set the stage for predatory lending. It is acknowledged that while not all subprime loans are predatory loans, all predatory loans are subprime loans.

Predatory Lending

There are various definitions for predatory lending . According to AARP, predatory loans include the extension of credit beyond the ability of the borrower to repay, "asset"-based lending that is focused on the amount of equity in the home irrespective of the borrower's financial wherewithal, loans in excess value of the property, and the inclusion of loan terms, conditions, penalties that are excessive, fraudulent, and deceptive.⁸⁰ The Texas Low Income Housing Information Service (TLIHIS) defines predatory lending as lending that includes the bundling of unnecessary and expensive fees and products, including term credit life insurance, prepayment penalties and balloon notes.⁸¹

In a report published by the U.S. General Accounting Office (GAO), predatory lending is characterized as a range of practices, including deception, fraud, or manipulation, that a mortgage broker or lender may use to make a loan with terms that are disadvantageous to the borrower.⁸² In a report published by the Texas Savings and Loan Department (TSLD), the department provides a more comprehensive definition of predatory lending. According to the TSLD, the term predatory lending is assumed to be those loans that possess interest rates 5% above market rates and/or costs far exceeding typical or ordinary in a comparable "A" paper transaction.⁸³ The TSLD also defines a case where borrowers who are advised they must be categorized as subprime in order to secure a loan when in fact, they are qualified for a prime loan, as predatory lending⁸⁴.

The Office of the Consumer Credit Commissioner (OCCC) cites the following practices as predatory:

- **Equity stripping:** Lender targets an individual with a deal of equity in their home. The lender then loans a borrower more than the borrower can financially handle, knowing the borrower is likely to default. The lender can then foreclose on the home "stripping" the homeowner of all equity earned.
- **Flipping:** Lender refinances a borrower's loan repeatedly within a short period of time. Each time the loan is refinanced, or "flipped", the borrower is charged high fees, sometime including prepayment penalties.
- **Packing:** the lender "packs" excessive fees, including unnecessary insurance coverage, other up-front charges, and additional junk fees into the loan agreement without the borrower's understanding. Often fees far exceed what would be expected or justified based upon economic grounds.
- **Aggressive marketing:** Lenders will offer bill consolidation equity loans encouraging consumers to pay off credit card, retail and motor vehicle debt by consolidating them all into one home loan, promising lower monthly payments. While lower monthly payments do result from this transaction, the consumer trades short-term debt for long-term. Instead of paying off their bills in three to four years, it will now take them 15 to 30 years to pay. The consumer will also pay much more in interest over the life of the loan.
- **Fraud and Abuse:** In many cases, lenders utilized fraud and abuse to prey on certain groups- the elderly, minorities, and individuals with lower incomes and less education-with deceptive or high-pressure sales tactics.⁸⁵

A study published by the Center for Community Change called "Risk or Race? Racial Disparities and the Subprime Refinance Market" suggests that minority homeowners may be particularly vulnerable to predatory lenders, which by most accounts, target communities with high levels of subprime lending. According to this study, of the 10 metropolitan statistical areas (MSAs) with the highest percentages of subprime refinance loans, 4 are in the border region. El Paso has the highest percentage of subprime refinance loans at 47.82 %, followed by Corpus Christi at 46.84%, Laredo at 45.32% and San Antonio at 41.90%.⁸⁶ The study claims that high levels of subprime lending indicate markets where borrowers are paying unusually high costs for credit and face unusually high risks of losing their homes, and that higher levels of subprime lending in a market may also indicate high levels of predatory lending.

The study states that credit risk alone cannot explain the disparities in the subprime market, and that the issue of race is a factor. Due to the absence of prime lenders, such as banks and thrifts, in predominantly minority areas, subprime lenders are able to persuade minority homeowners that subprime loans are all that is available. The study also claims subprime lenders aggressively market their loans to potential borrowers and the market techniques used disproportionately target minorities.

According to the TSLD though, the study's statistics are not entirely accurate. The percentages do not reflect all lending activity that is occurring. The TSLD states that by most accepted definitions of subprime, FHA and VA home loans are exempt from inclusion by virtue of the government loan

insurance and guaranty coverage that mitigate the high risk factors.⁸⁷ FHA and VA loans are designed for areas of lower per capita and restricted incomes or population segments coupled with lower value housing markets, such as the border region. The TSLD does not have specific data regarding the volume and dollar amounts of these loans in the border region from all lending sources, although it does receive reports from its regulated industries that indicate FHA/VA loans are abundant in the region.⁸⁸

In another study done by the Fannie Mae Foundation, "Financial Services in Distressed Communities: Issues and Answers", it cites that close to 50% of borrowers in the subprime market could qualify for prime market loans, while Freddie Mac reports that 35% of borrowers in the subprime category could have qualified for prime market loans.⁸⁹ The segmenting of qualified prime borrowers into the subprime category is by definition an example of predatory lending. Thus far the committee has not found evidence to refute the statistics from Fannie Mae's report.

Another area where predatory lending activity is said to be occurring is in new housing developments in the border region. Affordable housing available remains low, although new housing developers, which under current law are not regulated, sell contract for deed or "rent-to-own" plans to consumers in the region. Whereas the traditional colonia were sold as plots of land, these new developments sell constructed homes. The payment plans that developers sell to residents can carry exorbitant interest rates that may reach as high as 20%.

ANALYSIS

Efforts to improve the quality of life and standard of living in the border region are severely hampered when residents are disproportionately placed into the subprime market, and especially when the residents are subject to predatory lending practices. They are some reasons that may explain the prevalence of subprime lending in the border region.

Subprime Lending

While there is some disagreement as far as the exact percentage of the subprime home refinance loans, it can be inferred from data received by the OCCC that subprime lending activity will be higher in the border region. One of the criteria used to determine whether a borrower is placed in a prime or subprime category is the borrower's credit score. The OCCC provided the committee with the following credit score averages:

- National: 678
- State of Texas: 652
- Cameron County: 642
- El Paso County: 651
- Hidalgo County: 642
- Webb County: 631.⁹⁰

The state and the aforementioned border counties have credit scores below 660. According to the FDIC's definition of subprime, a credit bureau risk of 660 or below, can be one of the characteristics that subprime borrower displays. The state as a whole has the worst average credit score in the nation. According to experts, there are several reasons why Texans have lower average credit scores: lower incomes, late mortgage payments, and higher proportion of immigrant families.⁹¹ These factors are prevalent in the border region.

In the border region, the average annual income is \$28,000, while the state average is \$36,000. According to census data, in some areas of the border region, nearly one-third of residents are foreign born, these residents primarily coming from Mexico. Data regarding late mortgage payments in the border region was not found.

For many foreign-born residents, especially those coming from Mexico and Latin America where credit is not as readily available, establishing a credit history and managing credit is a new and difficult task. Unfamiliarity with the financial system has placed these residents in the subprime category. More concerning though, is the fact that this unfamiliarity with the financial system is propagated to the children of these residents. The unawareness of how financial behavior can affect their future is costly.

Subprime loans carry interest and fees that may range anywhere from 3-5% higher than prime loans. Over a course of a 30-year loan, these higher fees and interest cost borrowers in the border region several thousand dollars. The money used to pay higher interest and fees could have been used instead toward payment of a health plan, tuition for higher education, or contributing to the growth of the state economy, which would help address many of the issues the border region is facing. It has

been stated that the subprime market can be beneficial by providing borrowers with the opportunity of home-ownership and help with the development of the border region. However, it would be even more beneficial for borrowers in the region if they were placed in the prime category, where interests and fees are considerably lower.

In order to increase prime lending activity in the border region, education is essential. Through education, potential borrowers can learn how late-payments can indirectly cost them thousands of dollars when they receive a loan. Borrowers can also learn the importance of "shopping around" for a loan, which would allow them to receive a loan with better terms than had they only applied for a loan with one lender. Education can help borrowers establish and maintain good credit, which in turn can help borrowers save a considerable amount of financial resources that can be used for other needs, and, just as importantly, help improve the quality of life and standard of living in the border region.

Education, specifically financial literacy, would require a multi-faceted approach. A long-term strategy would be to make financial literacy part of the high school curriculum. Students in the border region and the rest of state will inevitably become rapidly involved in the financial system, and the need to know how to establish and maintain a good credit history is vital to them. According to one study, more 25-year olds are filing for bankruptcy than are graduating from institutions of higher education.⁹² This sort of financial behavior is detrimental to the state and only creates a more prevalent subprime market, which may lead to increases in predatory lending activity. Another area where financial literacy curriculum should be incorporated is in workforce training programs. As workers are being retrained it is important they also receive a financial literacy education. Once workers have finished their training and re-enter the workforce, knowledge of financial institutions and the financial system will help them maintain better credit, which will help them improve their standard of living. A short-term strategy would be to use a public awareness campaign to teach those who are no longer in school or in workforce training programs in the border region, as well as the rest of the state, the importance and the impact of having a good credit history.

The subprime market does serve a purpose by providing financial resources to borrowers with limited or impaired credit histories, but it is in the interest of the border region and of the state that more borrowers are qualified for the prime loans rather than subprime loans, and financial literacy can make that possible. Financial literacy can help address the issue of the prevalence of subprime lending, but financial literacy in itself cannot entirely address the issue of predatory lending. Several other strategies, in addition to education, will be necessary.

Predatory Lending

As previously noted in a report by Fannie Mae, nearly 50% of all borrowers that could qualify for prime loans are in the subprime market. In the same report, Freddie Mac states that nearly 35% of borrowers in the subprime market were qualified for a prime loan. If such estimates are accurate, potentially hundreds of millions of dollars are wasted each year by households. Borrowers in the border region who have been wrongly placed in the subprime market cannot afford to lose this amount of money. The placing of qualified prime borrowers in the subprime market is the clearest example of predatory lending. Efforts to educate students and residents about importance of maintaining good credit will serve no purpose when such practice is occurring. While according to

the House Committee on Financial Institutions 2002 Interim Report, the Texas Constitution has some of the strongest anti-predatory provisions in the nation. Those provisions do not address this issue of prime borrowers being wrongly placed in the subprime market. There is no provision the committee is aware of that protects borrowers from this predatory practice.

In new housing developments in the border region, where many predatory practices do occur, developers carrying out contract-for-deed or rent-to-own plans are currently not subject to the same regulations as mortgage brokers or mortgage lenders. By creating a licensing and regulatory scheme, similar to those applied to traditional mortgage lenders and brokers for these housing developers, certain predatory practices can be prevented.

Heightening enforcement of state and federal lending regulations is also necessary to prevent predatory lending practices. Providing state regulatory agencies, as well as community organizations in the border region, the resources necessary to effectively monitor lending activity is essential. Along with enforcement, educating borrowers of current regulations, as well as increasing borrower awareness of the appropriate regulatory agencies that they need to contact in case they suspect they are receiving loans under predatory conditions, can be useful in addressing this issue.

RECOMMENDATIONS

1. The committee recommends that the Legislature introduce legislation that would incorporate financial literacy as part of high school curriculum and in workforce training programs, as well as create a public awareness campaign.
2. The committee recommends that the Legislature introduce legislation that would prohibit the placement of borrowers qualified for prime loans into the subprime market.
3. The committee recommends that the Legislature introduce legislation that would give state regulatory agencies oversight and jurisdiction over contract-for-deed developers.
4. The committee recommends that the Legislature provide the state regulatory agencies and community organizations the resources necessary to enforce current lending regulations thru a self-funding mechanism.

INTERIM CHARGE SEVEN

Review and study all existing legislation affecting the development of transportation infrastructure in areas adjacent to the Texas-Mexico border. Study international trade issues as they relate to transportation, the adequacy of existing infrastructure to facilitate international traffic related to trade, the potential for development of inter-modal hubs and other mixed use facilities which promote more efficient trade and economic development, and the opportunities for contracting with Mexico or any of the Mexican states for joint development of transportation infrastructure.

BACKGROUND

The Texas-Mexico border is one of world's most dynamic regions in terms of trade. Since NAFTA went into effect, trade between Texas and Mexico has increased dramatically. The state, sharing a longer border with Mexico than any other border states, has become the center of international trade between the U.S. and Mexico. In 2003, with \$152 billion in land trade with Mexico, Texas surpassed other border states in terms of trade:

- California- \$30 billion
- Arizona- \$12 billion
- New Mexico- \$1.1 billion.⁹³

The top ten U.S.-Mexico ports of entry account for 98 percent of trade passing through the border, of which 6 are located the Texas-Mexico border:

- Laredo, TX
- El Paso, TX
- Otay Mesa-San Ysidro, CA
- Hidalgo, TX
- Nogales, AZ
- Brownsville-Cameron, TX
- Calexico, CA
- Eagle Pass, TX
- Del Rio, TX
- Santa Teresa, NM.⁹⁴

As a result of the increase in trade between the state and Mexico, there has been a dramatic increase in cross-border traffic. In 2003, on a typical day in the border region:

- 97,000 pedestrians, and more than 200,000 vehicles commuted across the Texas-Mexico international bridges to work or shop in each other's countries;
- 15,000 trucks transported goods manufactured in the state and in the U.S. that had an annual value total of \$121.1 billion, cross-border trade traffic in Texas-Mexico ports of entry and commercial zones is estimated to be valued at \$334 million daily.
- 1,500 rail cars daily transported with an annual value of \$29 billion over Texas' rail crossings.⁹⁵

The predominant mode of transportation for U.S. and Texas trade with Mexico is trucks.

- Between 1995 and 2003 U.S. surface trade with Mexico though Texas rose from \$57.4 billion to \$121 billion, a 111% percent increase of \$64 billion.
- The gain was led by imports from Mexico, which grew by 123%, from \$30 billion in 1995 to \$66.9 billion in 2003.
- The state's land ports of entry with the highest value of trade in 2003 were Laredo at \$54 billion, El Paso at \$36 billion, and Hidalgo at \$14.3 billion. Brownsville at \$9.1 billion,

Eagle Pass at \$91. billion, and Del Rio at \$2.8 billion.⁹⁶

Though trucks remain the most common mode of transportation, there has been significant increase in rail road crossings since NAFTA went into effect.

- Combined, the Texas border crossings at Laredo, Brownsville, Eagle Pass and El Paso accounted for 93% of the value of U.S.-Mexico rail traffic in 2002.
- Laredo's share of U.S.-Mexico rail traffic, in terms of dollar value, grew from 53% of the U.S. total in 1995 to 75% in 2002.
- Rail car volumes at Texas border railroad crossings have more than doubled to over 550,000 in 2003.⁹⁷

The border region has been and will be a pivotal factor in the development of not only the region's or the state's economy, but the nation's economy. Due to the importance of the border region to the state and the nation, it is imperative that the region's transportation infrastructure has the capacity to handle the increases of trade-related traffic. As important, it is imperative that the border's security is enhanced to prevent terrorist attacks that would result in massive trade disruptions that would immediately affect the state and nation's economy and security.

Border Security

The most notable effort to improve security at U.S. air, land, and sea ports of entry is the United States Visitor and Immigration Status Indicator Technology (US-VISIT). This is a program developed by the U.S. Department of Homeland Security (DHS) designed to:

- Enhance security of the nation's citizens and visitors
- Facilitate legitimate travel and trade
- Ensure the integrity of our immigration system
- Protect the privacy of visitors.⁹⁸

US-VISIT requires that all visitors holding non-immigrant visas, regardless of country of origin to enroll in the program. At U.S. consular offices where visas are issued, visitors' biometrics (digital fingerscans and photographs) are collected against a database of known criminal terrorists. The collected biometrics are used to confirm that a visitor at a port of entry, is the same person who received a visa. US-VISIT, according to the DHS, will reduce fraud, identity theft, and the risk that terrorists and criminals will enter the U.S. undetected or by using stolen or fraudulent documents.

Currently, US-VISIT entry procedures are in place at 115 airports and seaports and by the end of this year, US-VISIT will have expanded to the 50 busiest land ports.

According to the DHS, US-VISIT will enhance trade and tourism, and not diminish it. DHS claims that by making the nation safer to visit and conduct business, US-VISIT enhances economic security. However, some believe that the US-VISIT program will negatively affect trade and tourism, hamper economic development in the border region, and more importantly, will not adequately improve security at the nation's ports of entry.

The Alliance for Security and Trade (AST), a coalition focused on improving the country's anti-terrorism security efforts, while ensuring the free flow of business and commerce, believes that US-VISIT can possibly negatively impact the U.S. economy, and that it does not sufficiently address security issues. AST had commissioned The Perryman Group to do an economic impact assessment of US-VISIT.

In the study done by The Perryman Group, the following predictions were set forth:

- The land port segment of the US-VISIT program threatens harm to the national, state, and regional economies. Even under conservative assumptions regarding the increase in time required for crossing the US-Mexico border, hundreds of thousands of jobs will be lost. If the delays prove to be more disruptive (up 75%), the job losses could top 1,400,000 in the US and 800,000 in Texas. These effects are concentrated in the manufacturing sector and other key drivers of the domestic economy.
- The program is likely to prove particularly damaging to the economies of the border region, which is home to concentrations of manufacturing concerns relying on cross-border trade, retail stores where Mexicans tend to shop, and real estate developments with historically high rates of ownership by Mexican nationals.
- Many of the advantages of the North American Free Trade Agreement (NAFTA) will essentially be reversed if US-VISIT is implemented as currently proposed. US-VISIT will impair the competitiveness of goods crossing the border in the much the same way as a tariff.
- The manufacturing sector would lose more than 465,800 jobs in the 75% scenario. With manufacturing sector performance deemed a critical component of ongoing American prosperity and the current concern over "off shoring" of domestic production jobs, it is imperative that actions such as US-VISIT receive extremely careful scrutiny, as they have the potential to do significant damage to the US economy. In particular, the US and Mexico stand to lose substantial production relative to major Asian competitors.
- Assuming that notable disruptions occur, bank deposits in the border regions are projected to decline by \$2.285 billion (approximately 13.3%), which has a measurable impact on the ability of local banks to finance future growth.
- Texas health care providers would lose approximately \$3.351 billion in annual revenue if significant disruptions are experienced.
- Housing values in the border region would decline by 2.8%-10.6% depending on the severity of the delays, thus causing substantial loss of household wealth.
- While one of the stated goals of the program, improving US homeland security, is clearly a worthy aim, it is not all apparent that US-VISIT is the optimal (or even viable) method for achieving this objective.⁹⁹

AST was not the only entity that has expressed concerns regarding the economic impact of US-VISIT. The City of Del Rio, a city of 50,000 residents along the border, whose primary source of revenue is trade-related traffic, believes that the US-VISIT can devastate small border cities such as theirs. Smaller border cities rely on bridge tolls for operating their budgets.¹⁰⁰ The City of Del Rio believes that US-VISIT will stifle traffic from Mexico thus decreasing a primary source of revenue for the city. Small cities such as Del Rio have tried to find new ways to generate additional revenue, through either a sales tax or property tax. However, that is impossible, according to the City of Del Rio, when many of the merchants in these communities rely heavily on cross-border traffic for sales,

which in some communities can reach as high as 50% percent of sales to Mexican nationals.¹⁰¹ The City of Del Rio believes that while the intentions of US-VISIT program mean well, it will have detrimental effect on the economic stability of the region, and it may in turn cause the very security issues it is designed to prevent.

The committee has not received any information from DHS regarding the possible economic impact of US-VISIT refuting this data.

Differences between federal, state, and local governments will continue over the impact of US-VISIT. However, state, local, and federal governments should continue to coordinate efforts to enhance security along the border to protect residents in the region and the economy.

Interstate 69

Interstate 69 (I-69) is an ambitious interstate project that would create another transportation corridor that would stretch from Mexico to Canada. Of its 1600 miles, nearly 1000 miles of the transportation corridor will run through Texas. I-69 has a high priority designation by Congress. The Texas Transportation Commission, which incorporated I-69 into the Trans-Texas Corridor System, will be financed and constructed from toll revenues. As a result, I-69 will include highways, rail and a utility zone.

According to testimony provided to the committee, the Alliance for I-69 Texas, an organization advocating for the construction of I-69, the interstate will create 40,000 new jobs by 2025, resulting in \$12.8 billion in additional wages and \$24 billion in added value.¹⁰² However, according the organization's website, I-69 will create 27,000 jobs by 2025, resulting in \$11 billion in additional wages and \$19 billion in additional value. The organization also believes that I-69 will improve air quality in major metropolitan areas such as Houston, by providing an alternate route for through truck and passenger traffic outside metropolitan areas.

Currently, the Alliance for I-69 Texas and the Texas Department of Transportation (TXDOT) are working closely to advance two specific projects that could possibly accelerate the development of I-69. The first project would be to include provisions that would enable individual segments of a corridor, whether it is I-69 or another corridor in the state, to advance independently. The second project would enable a contractor to simultaneously conduct the environment and location studies and to undertake the design work, with the intention of streamlining design and build projects.

In addition to these two projects, the Alliance for I-69 Texas is advocating for TXDOT's \$1.5 billion reauthorization request. The reauthorization request could result in construction, on some parts of I-69 Texas within the next six years.

According to the Alliance, I-69 and the Trans-Texas Corridor can increase trade with Mexico and Canada, and eventually provide alternatives to the ports of Los Angeles and Long Beach, California by moving containers from the Pacific Rim through Texas ports. By linking to ports on the west coast of Mexico, the state can compete with western U.S. coast, and could generate the toll revenue necessary to build I-69, the I-35 relief route and an east-west route for an I-10 and I-20 relief route.

Transportation Infrastructure

When most of the border stations, border communities, and border highways were planned, the planning did not envision the current level of border truck traffic. As a result, the border stations are often cramped, truck traffic backs up into border cities on both sides causing congestion and air pollution, and border highways often show distress of repeated heavy loads. Many of the inspection compounds do not adequately accommodate daily peak traffic.

The Texas Transportation Institute (TTI), along with the Center for Transportation Research of UT-Austin (CTR), was commissioned by TXDOT to examine the feasibility of an expedited border process, which would facilitate trade while permitting federal and state agencies to maintain their inspection responsibilities. TTI was also directed to address the need to maintain an effective vehicle safety program at border ports, again while allowing trucks to move more efficiently.

TTI's initial research of TXDOT's Model Border Crossing Project determined that automation of the crossing process is feasible and will not add substantial additional costs. The initial research resulted in following findings:

- A reduced-stop/no-stop automated border crossing process is feasible for the majority of trucks. Implementation of a computer-aided clearance and tracking system is possible through the use of off-the-shelf technology and a driver/vehicle/trade database. By isolating those trucks requiring additional clearance or inspection, inspection agencies can more deftly target resources and simultaneously expedite trade flow.
- Linking the Texas Department of Public Safety (DPS) inspection facilities to the U.S. federal agency facility will foster the vehicle safety compliance levels sought by the state.
- Institutional changes are essential to improving the border processing efficiencies of the prototype system; a bi-national agreement with Mexico would further enhance efficiency.
- The prototype Model Border crossing developed is applicable to the entire southern U.S. border.¹⁰³

In the second phase of their research, TTI examined current ports of entry for the potential of retrofitting certain aspects of the prototype process into existing crossings. According to TTI, the greatest gains identified in the research comes with the implementation of express lanes for pre-cleared trucks. Free and Secure Trade lanes (FAST), which were implemented by the U.S. Bureau of Customs and Border Protection (Customs) in 2003, offers expedited clearance to importers, carriers, foreign manufacturers, and intermediaries enrolled in the program. The FAST program was first implemented at the Bridge of the Americas in El Paso in 2003, and since then FAST lanes have been implemented at the World Trade Bridge in Laredo. Implementing the Texas Model Border Crossing would essentially enhance the existing FAST program, and would increase trade efficiency.

In addition to increasing efficiency at border stations, another method of improving the movement of trade-related traffic would be to utilize rail. In the City of Del Rio, the rail system is considerably underutilized. The City of Del Rio believes that there is considerable potential to create an intermodal hub in the Del Rio area that can serve as a reliever to many of the other border communities. Furthermore, the City of Del Rio suggests establishing transportation hubs where rail, air and ground transportation meet which would make for a efficient use of the transportation

infrastructure in the state. These transportation hubs would allow customers to use the most efficient type of transportation for their needs, getting products to the market quicker.

Perhaps the most critical element in the development and maintenance of transportation infrastructure in the border region is project funding. The City of Laredo is part of the Laredo TxDOT district, which also includes Eagle Pass and Del Rio. The ports represent more than 75% of all trade the state does with Mexico and 58% of trade between the U.S. and Mexico.¹⁰⁴ Trade-related traffic is expected to grow at the same rate the next ten years as it did the last ten years. However, TxDOT only invested 2.35% of the state's construction and maintenance expenditures between 1999 and 2003 in this district, and plans to invest approximately the same percentage between 2004 and 2007.¹⁰⁵

In addition to project funding, one of the challenges facing border communities is the way the state uses population in their funding formulas. Border communities, unlike other metropolitan areas in the state, share their metropolitan areas with another country. According to the City of Laredo, the current funding formula does not take into account the number of residents that live across from the state's border cities. The City of Laredo during the day will have a population of 750,000, and by night it will be 200,000, which is characteristic of the state's other border cities along the Texas-Mexico border.¹⁰⁶ The City of Laredo's population, along with other state border cities, does not accurately reflect the amount of traffic in these cities.

According to TxDOT, the state has invested more than \$2.88 billion in the border region for needed transportation improvements and in 1999, the state made a commitment to fund \$1.8 billion in border transportation improvements through 2009. Presently, \$1.135 billion in construction projects have been awarded, although the costs associated with developing these projects have increased to \$2.688 billion. El Paso was originally allocated \$560 million in projects, of which \$265 million has been awarded and \$681 million remains. Laredo was allocated \$523 million in projects, of which \$102 million has been awarded and \$479 million remains. Pharr was allocated \$730 million in projects, of which \$768 million has been awarded and \$391 million remains.¹⁰⁷

Toll Roads

One of the proposed ideas to help alleviate congestion and improve transportation infrastructure along the border is toll roads. There has been a significant amount of anxiety among many border community leaders regarding the construction of toll roads in the region. The Texas Transportation Commission (TTC) recognizes that tolling will not work everywhere.¹⁰⁸ However, because toll roads generate revenue to build projects immediately, toll roads are the fastest way to improve mobility in the state. TxDOT emphasizes that toll roads add to the overall transportation program, and not undermine it.

Many communities believe that the state should first address the existing transportation infrastructure problems, before developing new infrastructure projects requiring tolls. The City of Laredo, and many other border cities, believe that toll roads will not work for most border communities at this time. Border cities have neither the population density nor the per capita income to support toll roads.

The most notable toll road built in region is the Camino Colombia toll road near Laredo. Camino Colombia was a 22 mile long private toll road that cost approximately \$90 million dollars to build. The toll road was constructed and financed privately, and was designed to help alleviate trade-related congestion in the Laredo area. However, the Camino Colombia project failed and went bankrupt, and was auctioned. Eventually, TXDOT purchased Camino Colombia and has reopened it as a toll road.

Mexican Long-Haul Trucks

A recent decision by the U.S. Supreme Court allows the U.S. Department of Transportation (DOT) to continue working with Mexican authorities to allow long-haul truck operations between both nations. NAFTA established a timetable for the U.S. and Mexico to lift restrictions on the provision of motor carrier services. All foreign motor carriers operating in the U.S. are subject to the same federal and state regulations and procedures that apply to U.S. carriers, such as safety regulations, insurance payments, insurance requirements, labor standards, and payment of all taxes and fees. All foreign motor carriers and drivers must comply with applicable customs and immigration laws and regulations.

Currently, Mexican carriers operate only within the commercial zones in the border region. The carriers must have a valid Mexican registration or obtain a NAFTA annual permit to cross the border and load within the commercial zone.

The International Brotherhood of Teamsters (IBT) has expressed concerns about allowing foreign motor carriers to operate in the U.S. According to the IBT, Mexican-domiciled diesel trucks do not meet U.S. emissions standards and do not use comparable fuels. U.S.-domiciled diesel trucks are required to comply with more rigorous emissions standards and are required to use cleaner fuels, whereas Mexican-domiciled diesel trucks are not required to comply with such regulations.¹⁰⁹ By allowing Mexican-domiciled diesel trucks into the U.S., air pollution will increase along the U.S.-Mexico border. The IBT also expressed concerns about the impact that Mexican long-haul trucks will have on border security. Border inspection stations are only able to properly inspect the small percentage of trucks entering the U.S. Without adequate staffing and proper security measures along the border, the ability to properly inspect Mexican-domiciled trucks is severely hampered. Security risks from Mexican-domiciled truck will increase if the federal and state agencies do not have the resources to perform proper inspections.

ANALYSIS

Border Security

Border security is of utmost importance to the region, the state and the nation. State and federal agencies must cooperate with each other to enhance security along the border. However, enhanced security should not result in economic losses.

By the end of this year, US-VISIT will be expanded to the 50 busiest land ports. Among those land ports, the following ports in the state will be operating with US-VISIT:

- Juarez-Lincoln Bridge, Laredo
- McAllen-Hidalgo-Reynosa Bridge, Hidalgo
- Paso Del Norte, El Paso
- Gateway to the Americas Bridge, Laredo
- Bridge of the Americas, El Paso
- Yselta-Zaragoza Bridge, Yselta
- Gateway International Bridge, Brownsville
- Pharr-Reynosa International Bridge on the Rise, Pharr
- Del Rio-Ciudad Acuna International Bridge, Del Rio
- B&M Bridge, Brownsville
- Camino Real International Bridge, Eagle Pass
- Veterans International Bridge at Los Tomates, Brownsville
- Progreso International Bridge, Progreso
- Eagle Pass Bridge I, Eagle Pass
- Roma-Ciudad Miguel Alemán Bridge, Roma
- Rio Grande City-Camargo Bridge, Rio Grande City
- Good Neighbor Bridge, El Paso
- Presidio Bridge, Presidio
- Laredo-Columbia Solidarity Bridge, Laredo
- Fabens-Caseta Bridge, Fabens
- World Trade Bridge, Laredo.

Although DHS is committed to ensure that enhancements measures do not adversely affect legitimate trade travel, local governments and business communities in the border region believe that security measures such as US-VISIT will adversely affect the border economy. The state should mandate a study be done by the Comptroller of Public Accounts to determine the economic impact US-VISIT has had on the border region a year after it has been in place.

Apart from US-VISIT measure, increasing the amount of funding the border region receives in homeland security funds is necessary. The region, which has the state and nation's busiest land ports, need to have funds that will enhance prevention and preparedness measures. The state should support a homeland security funding formula that emphasizes risk. The region has the unique characteristic that it shares a metropolitan area with another country, and this should be taken into account when allocated homeland security funds.

Transportation Infrastructure

Trade-related traffic congestion in the border region can put a strain on transportation infrastructure. In order to alleviate trade-related traffic along the border the state should implement Free and Secure Trades lanes (FAST) at all land ports of entry for commercial traffic. Trade-related traffic would be able to move more efficiently at land port inspections stations, resulting not only in a decrease of congestion, but a decrease in air contamination as well.

In addition to FAST, a land port of entry should be selected for TXDOT's Model Border Crossing Project. This would allow TXDOT to test the effectiveness of the project and determine if adjustments may be needed. The Model Border Crossing Project is designed to expedite the inspection process along the border, resulting in a more efficient flow of traffic, and essentially improve the existing FAST program. If proven to be effective, the project could be implemented at all of the state's land ports of entry.

Expediting the inspection process at border inspection stations will help alleviate some of the strains on infrastructure in the short term. To improve the infrastructure in the region long term, the state should develop a funding formula that addresses the unique needs of border communities; currently the formulas are primarily based on population. NAFTA traffic with Mexico is expected to continue to increase over the next ten years, and with the proposed Free Trade Area of the Americas (FTAA) to be implemented next year, the entire Western Hemisphere will become a trading bloc, thus increasing traffic from other countries. The populations of the state's border communities do not accurately reflect the amount of traffic that occurs in these cities.

Funding

Toll roads have been proposed has possible solution to inadequate transportation funding, however, many communities in the border region currently do not have the capacity to support toll roads. As previously stated, the border region has not received adequate funding from state and federal governments. Current transportation infrastructure needs in the region exist as a result of inadequate funding in the past.

The state should seek funding from the federal government to improve infrastructure in the region. Two current federal programs, the National Corridor Planning and Development Program (NCPD), and the Coordinated Border Infrastructure Program (CBI), are designed to address the infrastructure of regions in nation that are of national economical significance, such as the border region. Once this funding has been allocated to the state, it is important that the border region be the primary recipient of these border-designated federal funds.

As previously mentioned in Interim Charge #1, funding the state NCPD and CBI receives from the federal government is less than adequate. More over, the funding from these programs to the border region has also been lees than adequate. At the inception of NCPD and CBI, funding that the state received was directed to the border region. However, within the last three years the funds allocated to transportation projects in the border region has diminished.

In FY 2003, the state received \$20,955,000 in NCPD and CBI funds. Listed are the projects in the

state that were allocated NCPD and CBI funds:

- Bomber Road (Fort Worth)- \$1,500,000
- Donna-Rio Bravo International Border Crossing- \$750,000
- IH 35 expansion (Hill County)- \$1,500,000
- IH 35-FM 2484 Amity Road, Shankin Road Overpass (Bell County)- \$2,000,000
- SR-130 Right of Way (Willamson, Guadalupe, Travis, Caldwell counties)- \$10,000,000
- US 87 Relief Route (Lamesa)- \$850,000
- West Laredo Multimodal Trade Corridor- \$3,500,000.¹¹⁰

For FY 2003, only two of the seven projects that received NCPD and CBI funds were located in the border region.

In FY 2004, the state received in NCPD and CBI funds. Listed are the projects that were allocated NCPD and CBI funds:

- Donna-Rio Bravo International Border Crossing- \$752,335
- Loop 201 Expansion Project- \$705,314
- Ports-to-Plains highway rehabilitation between Del Rio and Eagle Pass- \$1,034,460
- SH 158 widening (Sterling County)- \$752,335
- US 87 Bypass (Big Spring)- \$282,126.¹¹¹

For FY 2004, only two of the five projects that received NCPD and CBI funds were located in the border region.

In FY 2005, state has been designated \$8,450,000 in NCPD and CBI funds. Listed are the projects that have been allocate NCPD and CBI funds:

- IH 635 (Dallas County)- \$2,450,000
- Loop 49 from SH 155 to SH 31 (Smith County)- \$3,000,000
- President George Bush Tollway Easter Extension (Dallas County)- \$2,000,000
- US 83 from .5 mi e of FM 1425 (Hidalgo/Cameron counties)- 1,000,000.¹¹²

Of the four projects that have been allocated NCPD and CBI funds, only one is the border region.

In addition, to ensure that federal transportation funds are directed towards the border region, the state must ensure that current state funds and investments are also being directed towards the border region. As stated by the City of Laredo in its testimony before the House Committee on Border and International Affairs, the Laredo TXDOT district received only 2.35% of the state's construction and maintenance expenditures between 1999-2003, yet the this district represents more than 75% of all trade the state does with Mexico, and 58 percent of trade between the United States and Mexico. Other trade agreements such as CAFTA and FTAA may increase the amount of trade traffic along Texas ports of entry.

The state should increase transportation funds and investments in the region to allow the region to

handle increases in trade-related traffic. Adjusting current state transportation funding formulas so that the formulas take into account the unique factors that affect border communities that share MSAs with Mexico may address current transportation funding inequities in the region.

RECOMMENDATIONS

1. The committee recommends that the Legislature introduce legislation that would develop a study assessing the economic impact that US-VISIT will have a year after it has been in effect.
2. The committee recommends that the Legislature request an increase in the amount of homeland security funds that the border receives, and furthermore support a funding formula for homeland security funds that emphasizes risk.
3. The committee recommends that the Legislature request that FAST be implemented at the state's land port of entry for commercial traffic.
4. The committee recommends that the Legislature introduce legislation that would designate certain land ports of entry as potential sites for the pilot Model Border Crossing Project.
5. The committee recommends that the Legislature introduce legislation that would adjust current population-based funding formulas that to take into account traffic and other factors that uniquely affect the region.
6. The committee recommends that the Legislature seek federal funding to improve and enhance the border region 's transportation infrastructure.

INTERIM CHARGE EIGHT

Monitor agencies and programs under the committee's jurisdiction.

BACKGROUND

There are currently no agencies or programs falling under the committee's jurisdiction, but the committee has identified the following agencies as having border-related divisions or specialists, or receiving federal funds and/ or state funds.

- Commission on Drug abuse and Alcohol: Texas-Mexico Border Coordinator
- Texas Commission on Environmental Quality: Office of Border Affairs
- General Land Office: Border Affairs Coordinator
- Health and Human Services Commission: Director of Border Affairs
- Department of Housing and Community Affairs: Office of Colonia Initiatives
- Department of Parks and Wildlife: Director of International Affairs
- Railroad Commission of Texas: Director of International Affairs
- Department of State Health Services: Office of Border Health
- Department of Transportation: Office of International Relations
- Texas Water Development Board: Border Project Management Division
- Secretary of State's Office: Texas Border and Mexican Affairs Division

Listed below are the funds and appropriations these agencies have been recommended by the Legislative Budget Board (LBB) for border-related projects, offices and/or divisions for FY 2006-2007, as well the number of full-time equivalents (FTEs) an agency may have in that respective office or division.

Commission on Drug abuse and Alcohol

The Texas-Mexico Border Coordinator for the Commission on Drug Abuse and Alcohol is now part of the Department of State Health Services.

Texas Commission on Environmental Quality

There was no method of finance (MOF) provided to the committee for the Office of Border Affairs.

General Land Office

There was no MOF provided to the committee for the Border Affairs Coordinator.

Health and Human Services Commission

LBB recommends that the HHSC's Border Affairs Office be appropriated:

- FY 2006- \$510,505
- FY 2007- \$510,505.

Border Affairs Office has 6 FTEs.

Department of Housing and Community Affairs

The Office of Colonias Initiatives, an office with the Department of Housing and Community Affairs, maintains Colonia Service Centers and Colonia Self Help Centers, and administers the contract-for-deed conversion program.

LBB recommends that the Colonia Service Centers be appropriated:

- FY 2006- \$587,882
- FY 2007- \$590,606.

LBB recommends that contract-for-deed conversion program be appropriated:

- FY 2006- \$4,000,000.

Rider 14 in the LBB budget estimate for FY 2006-2007 would provided \$2.5 million in funds for the Colonia Self Help Centers.

Department of Parks and Wildlife

The Department of Parks and Wildlife no longer has a Director of International Affairs. Each division handles international Affairs as appropriate.

Railroad Commission of Texas

The Railroad Commission does not have a Director of International Affairs or a similar position.

Department of State Health Services

LBB recommends that the South Texas Health Care System be appropriated:

- FY 2006- \$6,835,529
- FY 2007- \$6,835,529.

The also recommends that the department's Border Health Commission be appropriated:

- FY 2006- \$445,141
- FY 2007- \$445,141.

Department of Transportation

The Office of International Relations serves to advise on international transportation matters in the border region on both sides of the 2,000-mile U.S.-Mexico border. LBB recommends that this office be appropriated:

- FY 2006- \$507,000

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- FY 2007- \$507,000.

In addition to this office, TXDOT has several district offices located in the border region and/or an office that serves the border region:

- Laredo
- Pharr
- El Paso
- Odessa.

LBB recommends that these offices be appropriated:

- FY 2006- \$182,000,000
- FY 2007- \$182,000,000.

This district offices have a approximately 1361 FTEs.

Texas Water Development Board

No fund amounts were identified within Border Project Management Division that were used in coordination with the Office of Rural Community Affairs to fund economic distressed areas for colonia water connections.

Additional numbers were not available by the time this report was complete.

Secretary of State

The Texas Border and Mexican Affairs Division, as previously noted in Interim Charge #1, address issues relating to colonias, the border region, and intergovernmental relations with Mexico.

LBB recommended that the Border Affairs and Protocol offices be appropriated:

- FY 2006- \$393,277
- FY 2007- \$393,320.

LBB recommended that the Colonias Initiatives Program be appropriated:

- FY 2006- \$556,018
- FY 2007- \$556,079.

This division has 13 FTEs.

ANALYSIS

Various different state agencies are appropriated funds from the state and federal government for border-related projects. Allowing the House Committee on Border and International Affairs to have oversight and jurisdiction over agencies that have border-related offices, divisions and/or projects would help ensure that the respective agencies and their divisions are using state and federal funds appropriately and that the agencies are adequately addressing the needs of the border.

RECOMMENDATION

1. The Legislature should consider allowing the House Committee on Border and International Affairs to have oversight and jurisdiction over state agencies as they relate to border and international affairs.

ENDNOTES

- ¹ Texas Secretary of State, <http://www.sos.state.tx.us/border/advisoryroundtable.shtml>.
- ² *Ibid.*
- ³ Federal Highway Administration, <http://www.fhwa.dot.gov/hep10/corbor/>.
- ⁴ *Ibid.*
- ⁵ *Ibid.*
- ⁶ *Ibid.*
- ⁷ Written testimony from Jay Kimbrough, Director, Office of Homeland Security, for the Senate Committee on Infrastructure Development and Security, April 13, 2004.
- ⁸ *Ibid.*
- ⁹ *Ibid.*
- ¹⁰ *Ibid.*
- ¹¹ Whatley, Chris. 2003. "State Official's Guide to International Affairs." The Council on State Governments.
- ¹² *Ibid.*
- ¹³ Written testimony from the University of Texas at Austin, the House Committee on Border and International Affairs hearing on August 12, 2004.
- ¹⁴ Written testimony from Texas A&M University for the House Committee on Border and International Affairs hearing on August 26, 2004.
- ¹⁵ Written testimony from the University of Texas at Dallas for the House Committee on Border and International Affairs hearing on August 12, 2004.
- ¹⁶ Written testimony from the University of Texas at El Paso for the House Committee on Border and International Affairs hearing on August 12, 2004.
- ¹⁷ Written testimony from the University of Texas at San Antonio for the House Committee on Border and International Affairs hearing on August 12, 2004.
- ¹⁸ Written testimony from the Texas A&M International University for the House Committee on Border and International Affairs hearing on August 12, 2004.
- ¹⁹ Written testimony from Sul Ross State University for the House Committee on Border and International Affairs hearing on August 12, 2004.
- ²⁰ Written testimony from Terry Hammond for the House Committee on Border and International Affairs hearing on August 12, 2004.
- ²¹ *Ibid.*
- ²² HHSC Final Report for Executive Order RP 33 Relating to reforming Adult Protective Services.
- ²³ *Ibid.*
- ²⁴ Testimony from Judy Lugo, President of the Texas State Employees Union, for the House Committee on Border and International Affairs on August 12, 2004
- ²⁵ *Ibid.*
- ²⁶ *Ibid.*
- ²⁷ Testimony from Commissioner Albert Hawkins, Health and Human Services Commission for the House Committee on Border and International Affairs on August 26, 2004.
- ²⁸ *Ibid.*
- ²⁹ *Ibid.*
- ³⁰ Testimony from José R. Rodríguez, El Paso County Attorney, for the House Committee on Border and International Affairs on August 12, 2004.
- ³¹ Testimony from Gladys C. Keene, Executive Director, Mid Rio Grande Border AHEC, for the House Committee on Border and International Affairs on August 19, 2004.
- ³² Testimony from Mirayam Bujanda, Methodist Healthcare Ministries of South Texas, for the House Committee on Border and International Affairs on August 26, 2004.
- ³³ *Ibid.*
- ³⁴ Testimony from Gladys C. Keene, Executive Director, Mid Rio Grande Border AHEC, for the House Committee on Border and International Affairs on August 19, 2004.
- ³⁵ HHSC Final Report for Executive Order RP 33 Relating to reforming Adult Protective Services.
- ³⁶ Testimony from Commissioner Arturo Duran, International Water and Boundary Commission for the House Committee on Border and International Affairs on August 12, 2004.
- ³⁷ *Ibid.*

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- ³⁸ Testimony from Jorge Garces, North American Development Bank, for the House Committee on Border and International Affairs on August 12, 2004.
- ³⁹ Testimony from Amanda Lavin, Water Development Board, for the House Committee on Border and International Affairs on August 12, 2004.
- ⁴⁰ *Ibid.*
- ⁴¹ *Ibid.*
- ⁴² *Ibid.*
- ⁴³ Testimony from Robert Tessen, Executive Director, Office of Rural Community Affairs, to the House Committee on Border and International Affairs on August 26, 2004.
- ⁴⁴ *Ibid.*
- ⁴⁵ *Ibid.*
- ⁴⁶ *Ibid.*
- ⁴⁷ *Ibid.*
- ⁴⁸ *Ibid.*
- ⁴⁹ Follow up to questions asked by the House Committee on Border and International Affairs to Carlos Rubinstein, Watermaster, Texas Commission on Environmental Quality, on August 26, 2004.
- ⁵⁰ *Ibid.*
- ⁵¹ Testimony from Carlos Rubinstein, Watermaster, Texas Commission on Environmental Quality, on August 26, 2004.
- ⁵² *Ibid.*
- ⁵³ Correspondence with Ricardo Romo, President, The University of Texas at San Antonio, December 15, 2004.
- ⁵⁴ Comptroller of Public Accounts, "Bordering the Future: Workforce Development", <http://www.window.state.tx.us/border/ch05/ch05.html>.
- ⁵⁵ *Ibid.*
- ⁵⁶ Testimony from Cameron Works Workforce Center for the House Committee on Border and International Affairs on August 26, 2004.
- ⁵⁷ *Ibid.*
- ⁵⁸ Comptroller of Public Accounts, "Bordering the Future: Workforce Development", <http://www.window.state.tx.us/border/ch05/ch05.html>.
- ⁵⁹ *Ibid.*
- ⁶⁰ *Ibid.*
- ⁶¹ *Ibid.*
- ⁶² *Ibid.*
- ⁶³ *Ibid.*
- ⁶⁴ U.S. Department of Labor, <http://www.doleta.gov/tradeact/performance.cfm>
- ⁶⁵ Texas Workforce Commission, <http://www.twc.state.tx.us/svcs/funds/sdfintro.html>
- ⁶⁶ Testimony from Wanda Garza, Texas Border Infrastructure Coalition, for the House Committee on Border and International Affairs on August 26, 2004
- ⁶⁷ *Ibid.*
- ⁶⁸ Correspondence with Cookie Mapula, The Communications Group Inc.
- ⁶⁹ Testimony from Wanda Garza, Texas Border Infrastructure Coalition, for the House Committee on Border and International Affairs on August 26, 2004
- ⁷⁰ *Ibid.*
- ⁷¹ *Ibid.*
- ⁷² *Ibid.*
- ⁷³ Testimony for Wanda Garza, Texas Border Infrastructure Coalition, for the House Committee on Border and International Affairs on August 26, 2004.
- ⁷⁴ *Ibid.*
- ⁷⁵ *Ibid.*
- ⁷⁶ *Ibid.*
- ⁷⁷ FDIC Press Release from January 31, 2001, "Expanded Guidance for Subprime Lending Programs".
- ⁷⁸ *Ibid.*
- ⁷⁹ Quercia, R.G., Stegman, M.A., and Davis, W.R. 2003. "The Impact of North Carolina's Anti-Predatory Lending Law: A Descriptive Assessment." Center for Community Capitalism, University of North Carolina at Chapel Hill.
- ⁸⁰ Testimony from AARP to the House Committee on Border and International Affairs on August 12, 2004.

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- ⁸¹ Testimony from Texas Low Income Housing Information Service to the House Committee on Border and International Affairs on August 12, 2004.
- ⁸² General Accounting Office. January 2004. Report to the Chairman and Ranking Minority Member, Special Committee on Aging, U.S. Senate, "Consumer Protection: Federal and State Agencies Face Challenges in Combating Predatory Lending".
- ⁸³ Commissioner Danny Payne, Texas Savings and Loan Department. July 2004. "Sub-prime vs. Predatory Residential Mortgage Lending in Texas".
- ⁸⁴ *Ibid.*
- ⁸⁵ Testimony from the Office of the Credit Consumer Commissioner to the House Committee Border and International Affairs on August 12, 2004.
- ⁸⁶ Bradford, Calvin. May 2002. "Risk or Race? Racial Disparities and the Subprime Refinance Market". Center for Community Change.
- ⁸⁷ Testimony from Commissioner Danny Payne, Texas Savings and Loan Department, to the House Committee on Border and International Affairs on August 12, 2004.
- ⁸⁸ *Ibid.*
- ⁸⁹ Carr, James H. and Kolluri, Lopa. 2001. "Predatory Lending: An Overview". Fannie Mae Foundation.
- ⁹⁰ Testimony from the Office of the Credit Consumer Commissioner to the House Committee Border and International Affairs on August 12, 2004.
- ⁹¹ Yip, Pamela. December 7, 2003. "Texans' scores deserve little credit". Dallas Morning News.
- ⁹² Virginia Credit Union League, Financial Statistics. http://www.vacul.org/fin_lit/stats.htm
- ⁹³ Federal Reserve Bank of Dallas, El Paso Branch. Issue 3, 2004. "El Paso: Business Frontier".
- ⁹⁴ *Ibid.*
- ⁹⁵ Testimony from Augustin Redwine, Texas Comptroller of Public Accounts, for the House Committee on Border and International Affairs on August 19, 2004.
- ⁹⁶ *Ibid.*
- ⁹⁷ *Ibid.*
- ⁹⁸ Department of Homeland Security. http://www.dhs.gov/dhspublic/interapp/content_multi_image/content_multi_image_0006.xml
- ⁹⁹ The Perryman Group. July 2004. "Stalling the Engine of Growth in a Global Economy: The Impact of Implementation of the US-VISIT Program at US-Mexico Border Crossings on Business Activity in the US, Texas, and the Border Region".
- ¹⁰⁰ Testimony from Juan Gonzalez, City of Del Rio, to the House Committee on Border and International Affairs on August 19, 2004.
- ¹⁰¹ *Ibid.*
- ¹⁰² Testimony from the Alliance for I-69 Texas to the House Committee on Border and International Affairs on August 19, 2004.
- ¹⁰³ Testimony from Bill Stockton, Texas Transportation Institute, to the House Committee on Border and International Affairs on August 19, 2004.
- ¹⁰⁴ Testimony from Mayor Elizabeth Flores, City of Laredo, to the House Committee on Border and International Affairs on August 19, 2004.
- ¹⁰⁵ *Ibid.*
- ¹⁰⁶ *Ibid.*
- ¹⁰⁷ Testimony from Amadeo Saenz, Assistant Executive Director for Engineering Operations, Texas Department of Transportation to the House Committee on Border and International Affairs on August 19, 2004.
- ¹⁰⁸ *Ibid.*
- ¹⁰⁹ Testimony from the International Brotherhood of Teamsters to the House Committee on Border and International Affairs on August 19, 2004.
- ¹¹⁰ Federal Highway Administration, <http://www.fhwa.dot.gov/hep10/corbor/>.
- ¹¹¹ *Ibid.*
- ¹¹² *Ibid.*