



Texas Nonprofit Council

REPORT FOR THE 89TH LEGISLATURE

PREPARED BY

The Texas Nonprofit Council (TNC)

SUBMITTED TO

House Committee on Human Services

House Committee on Public Health

Senate Health and Human Services Committee

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I. Acknowledgements

The Texas Nonprofit Council expresses its appreciation to OneStar Foundation, the State’s Commission on National and Community Service, United Ways of Texas, Texas Nonprofit Strong, Dr. Miha Vindis with Texas State University, Dr. Angela Seaworth with the Bush School of Government and Public Service at Texas A&M, and Commissioner Bryan Daniel with Texas Workforce Commission.

This report reflects the work of Texas Nonprofit Council members in collaboration with stakeholders they engaged throughout their term. Any recommendations included reflect the views of Texas Nonprofit Council members alone, and do not imply the participation or affirmation of any state agency or its employees.

Members of the Texas Nonprofit Council 2021-2024

- Kile Bateman (Wichita Falls) | *2022-2023 Vice Chair*
 - Senior Pastor, Evangel Church
 - Director, Family First Orphan Care
 - Founder, Phased IN
- Sereniah Breland (Pflugerville)
 - City Manager, City of Pflugerville
 - President, Texas City Management Association
- Deborah Healey Drago (Beaumont)
 - Industrial Account Executive, Entergy Texas, Inc.
- Fedora Galasso (Austin)
 - Executive Director, Texas Network of Youth Services
- Jenifer Jarriel (Houston)
 - President, DePelchin Children’s Center
- Katherine “Kathy” Keane (San Angelo) | *2022-2023 Secretary; 2024 Vice Chair*
 - Nonprofit Consultant
 - Former Executive Director, Texas Midwest Community Network
- Virginia “Ginny” Lewis Ford (Austin) | *2024 Vice Chair*
 - Executive Director, Texas Association of Regional Councils
- Kelty Garbee (Austin)
 - Executive Director, Texas Rural Funders
- Amy Ledbetter Parham (Buda) | *2022-2023 Chair*
 - Chief Executive Officer, Habitat for Humanity Texas
- Phillipa Williams (Dallas) | *2024 Chair*
 - Executive Director, ilooklikeLOVE, Inc.
- Carol Zernial (San Antonio)
 - Executive Director, WellMed Charitable Foundation

II. Executive Summary

As a large state with a diverse population, Texas depends on nonprofits, including faith-based and community organizations (FBCOs), to implement and support many of the social policies and programs established by lawmakers. The Texas Nonprofit Council (TNC) exists to deliver critical services to Texans by improving the working relationship between Texas FBCOs and the state government. State policies and programs are currently developed and managed at the state level by state lawmakers and agencies. However, many of the needs that policies and programs are intended to address exist locally, and successful implementation requires robust local participation.

Faith-based and community organizations are often the appropriate facilitators to implement actions, but they may not know the opportunity exists or may not have the resources to be effective. TNC's role is to help state agencies identify needs that local FBCO groups could help implement and support and make agencies aware of FBCO resources they could leverage.

On October 1, 2021, Texas Governor Greg Abbott reestablished the Texas Nonprofit Council by appointing 11 members representing a broad range of the state and the social services sector. TNC works with members of the Interagency Coordinating Group (ICG), which is comprised of state agency representatives, to analyze state agency contracting and related processes about nonprofits. Together with the ICG, the Texas Nonprofit Council develops strategies to address service gaps or other inefficiencies. To the extent that the strategy would require legislation, TNC will recommend legislation and seek legislative sponsors.

Today, the Council continues to champion the collaborative impact of state government and nonprofits working as true partners in addressing social problems. Working with the ICG, TNC helps provide relevant feedback and input that enables state agencies to foster more effective communication and build stronger relationships with FBCOs. Their work is reflected throughout this report for 2024.

History

In 2009, the Texas Legislature passed H.B. 492, which the Governor signed. This groundbreaking legislation—authored by Rep. John Zerwas and Rep. Lois Kolkhorst and sponsored by Sen. Bob Deuell and Sen. Dan Patrick—made Texas the first state in the country to actively create a collaborative and cooperative environment between state agencies and FBCOs.

As detailed in the original legislation, the law required an Interagency Coordinating Group (ICG) of representatives from 15 state agencies to collaborate on partnership opportunities between state agencies and FBCOs. In 2011, the Legislature passed HB 1965 (Kolkhorst/Deuell) during the 82nd Regular Session, which added an additional 10 agencies to the Interagency Coordinating Group, with 25 state agencies total, and named OneStar Foundation (Texas' National Service Commission) as the chair. The legislation is especially innovative in that it brings together agencies from a broad spectrum of disciplines, including health and human services, criminal justice, law enforcement, public utility regulation, veterans' affairs, and workforce development, among others.

The Texas Nonprofit Council (TNC) was established to help direct the Interagency Coordinating Group (ICG) in carrying out the group's duties. The Council, in coordination with the ICG, is required to:

- make recommendations for improving contracting relationships between state agencies and faith-based and community organizations;
- develop best practices for cooperating and collaborating with faith-based and community organizations;
- identify and address duplication of services provided by the state and faith-based and community organizations; and
- identify and address gaps in state services that faith-based and community organizations could fill.

2023-2024 Texas Nonprofit Council Activities

The Texas Nonprofit Council was re-established by Texas Governor Greg Abbott on October 1, 2021. The 11 members appointed had their first meeting on January 14, 2022, and held its last official meeting on September 17, 2024. The activities below reflect Council activities since their interim report in 2022.

- In January 2023, the Texas Nonprofit Council hosted a stakeholder’s meeting in Austin that engaged 46 people from various backgrounds connected to the Texas nonprofit sector. The event was designed to engage stakeholders, including ICG members, to learn about the sector's diverse needs and challenges and to guide the Council’s future work in developing recommendations for the Texas Legislature. The event was facilitated by Dr. Miha Vindis with Texas State University, who helped TNC gather feedback from various viewpoints on providing better support to the nonprofit sector and advancing the connection between faith-based and community organizations and state government. During the debrief meeting, Council members prioritized follow-up actions and next steps, including identifying additional stakeholders. Key takeaways and insights:
 - Funders should consider funding capacity-building organizations and overhead.
 - Best practices from one sector (ex., government sector) can work completely differently in another; we can all leverage lessons learned and best practices to benefit the community.
 - Access, representation, and experience need to be valued.
 - Create coalitions around all sectors for long-term progress.
 - We can work together to offer resources to meet the needs of our communities.
 - Collaboration is vital, even for funders.
 - Build relationships (public, private, faith-based) long-term relationships, not just transactional relationships.
 - An opportunity exists to strengthen collaboration within the sector for 401k’s and health insurance.
- TNC Council members attended the 2023 Texas Nonprofit Summit hosted by OneStar, February 27 – March 1 in Austin – an event last held in 2019. More than 350 people attended the conference that brought together nonprofit and community leaders to create lasting collaborative relationships within the sector. The closing day of the Summit focused on the inaugural Texas Nonprofit Strong Day at the Capitol, which included an advocacy panel moderated by TNC Chair Amy Ledbetter Parham. Texas Nonprofit Strong, launched by OneStar and United Ways of Texas in 2021, was created to elevate the power and impact of Texas nonprofits and build a unified voice that represents the overall sector. More than 100 attendees participated in the Day at the Capitol to discover the power of nonprofit advocacy, learn about Texas Nonprofit Strong, observe committee hearings, and ensure all legislative members received important data on the nonprofit sector.
- In May 2023, the Council met and invited Bryan Daniel, Chairman of the Texas Workforce Commission (TWC), as the special guest. Commissioner Daniel spoke with Council members about TWC, and topics included skill sets employers are seeking at this time, capacity, our rapidly growing economy, creating jobs at the current pace, and how he and the other commissioners liaise with the 28 local workforce boards.
- Council members met in September 2023 and learned important information about the evolving landscape of philanthropy and giving from special guest Dr. Angela Seaworth with the Bush School of Government and Public Service at Texas A&M. Dr. Seaworth shared data and provided insights on the future that could help strengthen the nonprofit ecosystem to address the challenges.
- Council members convened in November 2023 at the OneStar offices in Austin to reflect on the past year (accomplishments and highlights) and strategize ways to better connect nonprofits and state agencies before the end of their service term, including developing the 2024 legislative report. In addition, officer elections were held. Suggested goals and recommendations included:
 - Conducting a survey of the sector in collaboration with Texas Nonprofit Strong.
 - Develop a toolkit and FAQ page (i.e., how to work with state agencies, regional contacts, an overview of regional issues, and resources in the sector).
 - Consider adding ex-officio roles to the Council roster.
 - Develop a plan on how to promote the effectiveness of legislative recommendations.
 - Strengthen ICG and TNC relationship.

- Strengthen the relationship with Texas Nonprofit Strong and the Council.
- Identify pain points for working with state agencies.
- Identify ways to streamline the grant application process (state AND federal).
- Executive team members held a leadership transition meeting in December 2023 for new officer onboarding, gather feedback and lessons learned from outgoing leaders, and set goals and priorities for the next year.
- Council members kicked off the new year with a meeting in January 2024. The meeting focused on proposed changes to the Executive Committee's structure, including term limits, restructuring roles and responsibilities, and meeting more frequently as Council member terms expire this year. Additionally, the Council provided feedback on plans to launch three task forces to help advance Council goals now and in the future: strategic outreach and partnerships, education and professional development, and research and data. The team also discussed specific goals and objectives for the council term and plans to collaborate more with the ICG to continue strengthening relationships with nonprofit organizations and state agencies.
- In February 2024, a member spotlight feature was introduced to strengthen relationships and increase awareness of the vast services and resources within the Council membership. Members also reviewed OneStar's 2024-2026 strategic plan and discussed opportunities to increase collaboration and engagement with OneStar. Members were also invited to attend the BRIDGE Conference hosted by the Center for Nonprofits & Philanthropy at Texas A&M on February 26, 2024, and participate in a pre-conference joint network meeting hosted by OneStar. The meeting included members from OneStar network groups: the Academic Affinity Group, Nonprofit Management Alliance of Texas, Texas Association of Volunteer Center, Texas Rural Nonprofit Network, and ICG and TNC. Council members Kelty Garbee and Kile Bateman attended the joint network meeting representing TNC that featured special guests Peggi Goss with United Way of the Brazos Valley and Carol L. Miller with Greater Texas Foundation, discussing what nonprofits need to know about charity and giving. Dr. Monica Cruz, with the Texas Demographic Center, provided insights into relevant data and trends.
- In April 2024, Council members focused on updates and next steps from task forces and shared relevant news from the field and upcoming events for Council members to attend to connect with community members and other stakeholders, including the Texas Demographic Conference & ASC (American Community Survey) on the Road Event in Austin (May 29-30), TNOYS Conference in Houston (June 4-7), and the Aging in Texas Conference in Austin (July 31 to August 2). Council members also learned about a movie screening of *Sound of Hope: The Story of Possum Trot*, a true story about foster care challenges and how a small community in East Texas resolved to make a difference.
- In May 2024, Council members learned about the Texas Association of Regional Councils (TARC), also referred to as regional planning commissions, from fellow member Virginia "Ginny" Lewis Ford, the Executive Director. The presentation was also provided to ICG members during their June 2024 meeting. Key highlights of note:
 - There are 24 COGS in the state of Texas set up in various geographical locations within the state. Each entity is unique to the region it serves.
 - These governing bodies provide statewide coverage, and their board of directors drives the operations with bylaws, programs, and membership. Entities have local control, and policy decisions are made by Boards of local elected officials.
 - The purpose is to eliminate duplications, to find ways to promote efficiency and to plan the future for their communities.
 - Primary functions are to maintain and improve regional 9-1-1 systems, public safety, health and human services, aging programs, pass-through services, emergency preparedness, community and economic development, environmental quality, and disaster recovery.
- During the months of June, August, and September 2024, Council members prioritized meeting time to identify, assess, evaluate, and discuss information gathered from surveys and community feedback about gaps in services and under-resourced sector needs. The Council also ideated on lessons learned, and insights were used to draft considerations for legislative recommendations. In addition, Phillipa Williams, Council Chair, provided a report on the current work of the Texas Nonprofit Council at the June 2024 ICG meeting.

The Texas Nonprofit Council respectfully submits this year's report on the goals, activities, and progress of the TNC from January 2023 through November 2024. This and previous TNC reports as well as additional information about the ICG can be found on the OneStar website at onestarfoundation.org/tnc.

Legislative Recommendations

One of TNC's statutory duties is to provide lawmakers with recommendations for legislative strategies to strengthen nonprofit partnerships with state agencies. Several legislative recommendations have been made over the last 12 years, including areas such as providing funding for strengthening nonprofit capacity, improving contracting with nonprofits, and ensuring federal regulations are applied consistently across state agencies. The TNC spent time listening and learning from their peers to understand today's needs. The nonprofit sector has vastly changed over the last decade, and there is a renewed focus on the impact and importance of faith-based and community organizations. A significant finding for the Council is that some past legislative actions that yielded improvements need to be refreshed or reimaged. TNC submits the following recommendations for the 89th legislative session as vital to the advancement and health of the nonprofit sector.

- **Strengthen nonprofit capacity:** The legislature should consider establishing a funding source or resource to increase the capacity of small and medium-sized FBCOs providing services to Texans in need. According to the *2023 Built for Texas report*, there are over 130,000 nonprofits in Texas, with the majority considered grassroots. Strengthening capacity, especially from a regional perspective, is essential to meet the growing demand for critical services. An example is a funding source such as the Renewing Our Communities Account (ROCA) which was eliminated in 2016. Funds will also assist FBCOs and local governmental entities in establishing and enhancing faith- and community-based initiatives and fostering stronger partnerships.
- **Create a statewide grants portal and streamline the application process:** The legislature should develop a Grants.gov type portal for the state of Texas in coordination with the Comptroller's Office. A statewide aggregator of state/federal resources is needed so nonprofits can easily review and access all grant opportunities. In addition, the state should consider simplifying and standardizing application processes where appropriate.
- **Streamline contracting:** The legislature should direct ICG to review and identify barriers to contracting, including burdensome statutory or regulatory requirements, and develop a plan for improvement, such as adopting grant reforms contained in the Office of Management and Budget (OMB) Uniform Guidance.
- **Strengthen partnerships:** The legislature should require an interim study by the Comptroller's Office and the Legislative Budget Board on the barriers/challenges facing Texas nonprofits when partnering with the government and opportunities to strengthen nonprofit and government collaborations and partnerships.
- **Provide better access to capital:** The legislature should issue interim charges directing committees to examine nonprofit organizations' access to credit and capital for social innovation. This would help nonprofits access funding support through the Capital Access Program (CAP) and consider broader recommendations so nonprofits can participate in nontraditional loans, including 504 loans, etc. It would also enable state-managed programs to include nonprofits as entities eligible to access small business programs.
- **Improve nonprofit's access to health benefits:** The legislature should create a state working group/interim Task Force in coordination with the Department of Insurance to conduct an interim study on the affordability and accessibility of health insurance benefits for nonprofits and their employees and direct the group to develop a plan to increase access and a model to create a statewide nonprofit insurance pool.
- **Create a Nonprofit Resilience Fund:** The legislature should create a dedicated fund or grant program to support nonprofits in times of crisis (e.g., natural disasters, economic downturns). This fund could ensure that essential services continue, especially for vulnerable populations, during unexpected disruptions.
- **Invite nonprofit leaders to engage in policymaking:** The legislature should establish formal avenues for nonprofit leaders, including those from grassroots and rural nonprofits, to actively engage in policymaking processes. By creating structured opportunities for nonprofit leaders to provide input on legislation, regulations, and budget decisions, the state can ensure that policies reflect the needs and experiences of the communities served by nonprofits. Nonprofit leaders should be regularly invited to participate in legislative hearings and roundtable

discussions where they can share insights, advocate for policies, and offer expert testimony on issues related to their work.

- **Create social enterprise incentives:** The legislature should consider establishing a set of incentives or grants for nonprofit organizations that operate social enterprises that generate revenue to support their mission. Supporting nonprofit social enterprises can help these organizations achieve greater financial sustainability while creating local economic opportunities.
- **Provide support for small and rural nonprofits:** The legislature should encourage state agencies to develop targeted programs to assist smaller and rural nonprofits in accessing resources and building capacity. These might include rural-specific grants or technical assistance programs that help address unique geographic and infrastructure challenges.
- **Promote workforce development for nonprofit careers:** Fund workforce development initiatives targeting the nonprofit sector, such as internships, fellowships, or loan forgiveness programs for graduates entering nonprofit roles, which could help address talent gaps and retention issues.
- The legislature should direct the ICG and TNC to work with the Comptroller's Office to implement the above recommendations.

III. Texas Faith-Based & Community Initiative

Texas has long been a leader in reducing the obstacles that faith-based and community groups face in collaborating with each other and with the state and federal government. As a large state with a diverse population, Texas depends on nonprofit, community-based organizations to implement many of the social policies and programs lawmakers establish.

OneStar Foundation was created in 2004 by Executive Order RP30 to provide “technical assistance, education, information, and other support to Texas’ extensive volunteer community, and (to) improve and strengthen the state’s volunteerism and community service infrastructure. In this role, OneStar promotes the nonprofit sector and innovative public-private partnerships, convenes statewide nonprofit networks, and connects faith-based and community organizations, businesses, government, and foundations with information and resources to strengthen the nonprofit sector.

In recognition of OneStar Foundation’s unique position at the nexus of government, nonprofits, and foundations, the Texas legislature passed H.B. 1965 (82R) naming OneStar as chair of the Interagency Coordinating Group of 24 state agencies with a directive to:

- Remove unnecessary barriers to partnerships between their state agency and faith-based and community organizations;
- Provide information and training for state agency employees regarding equal opportunity standards for faith- and community-based organizations seeking to partner with state government;
- Identify effective practices for faith-based and community organizations that partner with their agency; and
- Conduct outreach efforts to welcome faith-based and community organizations that have not traditionally formed partnerships with the agency.

And additionally:

- Improve contracting relationships between state agencies and faith-based and community organizations;
- Develop best practices for cooperating and collaborating with faith-based and community organizations;
- Identify and address duplication of services provided by the state and faith-based and community organizations; and
- Identify and address gaps in state services that faith-based and community organizations could fill.

To implement this legislation, the legislature created the Texas Nonprofit Council SB993 (83R) to assist the Interagency Coordinating Group with the duties listed above. The Interagency Coordinating Group consists of appointees from 24 state agencies ranging from health and human service agencies to DPS, the Secretary of State, and the Public Utility Commission. The Texas Nonprofit Council consists of up to 12 representatives from a broad cross-section of the nonprofit sector that assists the Interagency Coordinating Group in its work.

IV. Texas Nonprofit Council Background

The Texas Nonprofit Council (TNC) was established to help direct the Interagency Coordinating Group (ICG) in carrying out the group's duties. The council, in coordination with the ICG, is required to:

- make recommendations for improving contracting relationships between state agencies and faith-based and community organizations;
- develop best practices for cooperating and collaborating with faith-based and community organizations;
- identify and address duplication of services provided by the state and faith-based and community organizations; and
- identify and address gaps in state services that faith-based and community organizations could fill.

TNC is required to prepare a biennial report detailing the council's work, including in the report any recommendations relating to legislation necessary to address an issue identified under this section. TNC is required to present the report to the House Committee on Human Services or its successor, the House Committee on Public Health or its successor, and the Senate Health and Human Services Committee or its successor not later than December 1 of each even-numbered year.

Mission and Strategies

TNC's primary mission is to foster the development of strong partnerships between FBCOs and state agencies and programs. TNC accomplishes this mission by facilitating partnerships where structures are already in place to support them, and by recommending legislation to support new partnerships that meet identified needs. Prior pieces of legislation establishing the ICG and the task forces that preceded TNC have targeted small and medium-sized nonprofits.

TNC exists to help build a culture of collaboration between state agencies and the nonprofit sector in Texas. Currently, state policies and programs are developed and managed at the state level by state lawmakers and agencies. However, many of the needs that policies and programs are intended to address exist locally, and successful implementation requires robust local participation. Faith-based and community organizations often are the appropriate implementors, but they may not know the opportunity exists or they may not have the resources to be effective. TNC's role is to help state agencies identify implementation needs that local FBCO groups could meet and to make agencies aware of faith-based and community resources they could be leveraging.

Legislative History

In 2009, the Texas Legislature passed, and the Governor signed H.B. 492. This groundbreaking legislation—authored by Rep. John Zerwas and Rep. Lois Kolkhorst and sponsored by Sen. Bob Deuell and Sen. Dan Patrick—made Texas the first state in the country to actively create a collaborative and cooperative environment between state agencies and faith-based and community organizations.

The law required an Interagency Coordinating Group (ICG) of representatives from 15 state agencies to collaborate on partnership opportunities between state agencies and faith-based and community organizations. In 2011, the Legislature passed HB 1965 (Kolkhorst/Deuell) during the 82nd Regular Session, which added an additional 10 agencies to the Interagency Coordinating Group, with 25 state agencies total, and named OneStar Foundation (Texas' National Service Commission) as the chair. The legislation is especially innovative in that it brings together agencies from a broad spectrum of disciplines, including health and human services, criminal justice, law enforcement, public utility regulation, veterans' affairs, and workforce development, among others.

H.B. 1965 also created a citizen Task Force on Improving Relations with Nonprofits. The 8-member Task Force represented a wide range of nonprofit services, to assist the ICG in performing its stated duties. In 2013, the Governor

signed S.B. 993, which replaced the Task Force with the permanent Texas Nonprofit Council to help direct the Interagency Coordinating Group in carrying out the group's duties.

In the fall of 2014, members of the Texas Sunset Commission recommended eliminating the Texas Nonprofit Council and the Interagency Coordinating Group as part of a sweeping reorganization of the Texas Health and Human Services Commission. Rather than eliminate the Council, the legislature moved the appointment process from HHSC to the Office of the Governor. The Texas Nonprofit Council was reestablished under this new process on October 1, 2021, when Texas Governor Greg Abbott appointed 11 members.

V. Appendix

Appendix A: Senate Bill 993

AN ACT

Relating to the creation of the Texas Nonprofit Council to assist with faith-based and community-based initiatives.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 535.055, Government Code, is amended to read as follows:

Sec. 535.055. TEXAS NONPROFIT COUNCIL [~~TASK FORCE ON IMPROVING RELATIONS WITH NONPROFITS~~]. (a) The Texas Nonprofit Council [~~interagency coordinating group task force~~] is established to help direct the interagency coordinating group in carrying out the group's duties under this section. The commission shall provide administrative support to the council [~~task force~~].

(b) The executive commissioner, in consultation with the presiding officer of the interagency coordinating group, shall appoint as members of the council two representatives [~~task force one representative~~] from each of the following groups and entities:

- (1) [~~a~~] statewide nonprofit organizations [~~organization~~];
- (2) local governments;
- (3) faith-based groups;
- (4) community-based groups;
- (5) consultants to nonprofit corporations; and
- (6) [~~experts in grant writing; and~~
- [~~7~~]-a] statewide associations [~~association~~] of nonprofit organizations.

(c) The council [~~In addition to the interagency coordinating group's other duties, the interagency coordinating group~~], in coordination with the interagency coordinating group [~~task force~~], shall:

- (1) make recommendations [~~develop and implement a plan~~] for improving contracting relationships between state agencies and faith- and community-based organizations;
- (2) develop best practices for cooperating and collaborating with faith- and community based organizations;
- (3) identify and address duplication of services provided by the state and faith- and community-based organizations; and
- (4) identify and address gaps in state services that faith- and community-based organizations could fill.

(c-1) The council shall elect a chair or chairs and secretary from among its members and shall assist the executive commissioner in identifying individuals to fill vacant council positions that arise.

(c-2) Council members serve three-year terms. The terms expire on October 1 of every third year. A council member shall serve a maximum of two consecutive terms.

(d) The council ~~[task force]~~ shall prepare a biennial report detailing the council's work, including ~~[describing actions taken or not taken by the interagency coordinating group under this section and include]~~ in the report any recommendations relating to legislation necessary to address an issue identified ~~[by the group]~~ under this section. The council ~~[task force]~~ shall present the report to the House Committee on Human Services or its successor, the House Committee on Public Health or its successor, and the Senate Health and Human Services Committee or its successor not later than December 1 of each even-numbered year ~~[September 1, 2012]~~.

(e) Chapter 2110 does not apply to the Texas Nonprofit Council.

(f) The Texas Nonprofit Council is subject to Chapter 325 (Texas Sunset Act). Unless continued in existence as provided by that chapter, the council is abolished and this section expires September 1, 2019. ~~[This section expires September 1, 2013.]~~

SECTION 2. Not later than October 1, 2013, and by October 1 every three years thereafter, the executive commissioner of the Health and Human Services Commission shall appoint members to the Texas Nonprofit Council in accordance with Section 535.055, Government Code, as amended by this Act.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect August 31, 2013.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 993 passed the Senate on April 18, 2013, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 25, 2013, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 993 passed the House, with amendment, on May 22, 2013, by the following vote: Yeas 144, Nays 2, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor

AN ACT

Relating to the expansion of faith- and community-based health and human services and social services initiatives.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. (a) Subtitle I, Title 4, Government Code, is amended by adding Chapter 535 to read as follows:

CHAPTER 535. PROVISION OF HUMAN SERVICES AND OTHER SOCIAL SERVICES THROUGH FAITH- AND COMMUNITY-BASED ORGANIZATIONS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 535.001. DEFINITIONS. In this chapter:

- (1) "Community-based initiative" includes a social, health, human services, or volunteer income tax assistance initiative operated by a community-based organization.
- (2) "Community-based organization" means a nonprofit corporation or association that is located in close proximity to the population the organization serves.
- (3) "Faith-based initiative" means a social, health, or human services initiative operated by a faith-based organization.
- (4) "Faith-based organization" means a nonprofit corporation or association that:
 - (A) is operated through a religious or denominational organization, including an organization that is operated for religious, educational, or charitable purposes and that is operated, supervised, or controlled, wholly or partly, by or in connection with a religious organization; or
 - (B) clearly demonstrates through the organization's mission statement, policies, or practices that the organization is guided or motivated by religion.
- (5) "State Commission on National and Community Service" means the entity used as authorized by 42 U.S.C. Section 12638(a) to carry out the duties of a state commission under the National and Community Service Act of 1990 (42 U.S.C. Section 12501 et seq.).

Sec. 535.002. PURPOSE. The purpose of this chapter is to strengthen the capacity of faith and community-based organizations and to forge stronger partnerships between those organizations and state government for the legitimate public purpose of providing charitable and social services to persons in this state.

Sec. 535.003. CONSTRUCTION. This chapter may not be construed to:

- (1) exempt a faith- or community-based organization from any applicable state or federal law; or

(2) be an endorsement or sponsorship by this state of the religious character, expression, beliefs, doctrines, or practices of a faith-based organization.

Sec. 535.004. APPLICABILITY OF CERTAIN FEDERAL LAW. A power authorized or duty imposed under this chapter must be performed in a manner that is consistent with 42 U.S.C.

Section 604a.

[Sections 535.005-535.050 reserved for expansion]

SUBCHAPTER B. GOVERNMENTAL LIAISONS FOR FAITH- AND COMMUNITY-BASED ORGANIZATIONS

Sec. 535.051. DESIGNATION OF FAITH- AND COMMUNITY-BASED LIAISONS. (a)

The executive commissioner, in consultation with the governor, shall designate one employee from the commission and from each health and human services agency to serve as a liaison for faith- and community-based organizations.

(b) The chief administrative officer of each of the following state agencies, in consultation with the governor, shall designate one employee from the agency to serve as a liaison for faith- and community-based organizations:

- (1) the Office of Rural Community Affairs;
- (2) the Texas Commission on Environmental Quality;
- (3) the Texas Department of Criminal Justice;
- (4) the Texas Department of Housing and Community Affairs;
- (5) the Texas Education Agency;
- (6) the Texas Juvenile Probation Commission;
- (7) the Texas Veterans Commission;
- (8) the Texas Workforce Commission;
- (9) the Texas Youth Commission; and
- (10) other state agencies as determined by the governor.

Sec. 535.052. GENERAL DUTIES OF LIAISONS. (a) A faith- and community-based

liaison designated under Section 535.051 shall:

- (1) identify and remove unnecessary barriers to partnerships between the state agency the liaison represents and faith- and community-based organizations;
- (2) provide information and training, if necessary, for employees of the state agency the liaison represents regarding equal opportunity standards for faith- and community-based

organizations seeking to partner with state government;

(3) facilitate the identification of practices with demonstrated effectiveness for faith- and community-based organizations that partner with the state agency the liaison represents;

(4) work with the appropriate departments and programs of the state agency the liaison represents to conduct outreach efforts to inform and welcome faith- and community-based organizations that have not traditionally formed partnerships with the agency;

(5) coordinate all efforts with the governor's office of faith-based and community initiatives and provide information, support, and assistance to that office as requested to the extent permitted by law and as feasible; and

(6) attend conferences sponsored by federal agencies and offices and other relevant entities to become and remain informed of issues and developments regarding faith- and community-based initiatives.

(b) A faith- and community-based liaison designated under Section 535.051 may coordinate and interact with statewide organizations that represent faith- or community-based organizations as necessary to accomplish the purposes of this chapter.

Sec. 535.053. INTERAGENCY COORDINATING GROUP. (a) The interagency coordinating group for faith- and community-based initiatives is composed of each faith- and community-based liaison designated under Section 535.051 and a liaison from the State Commission on National and Community Service.

(b) The commission employee designated as a liaison under Section 535.051 is the presiding officer of the interagency coordinating group.

(c) The interagency coordinating group shall:

(1) meet periodically at the call of the presiding officer;

(2) work across state agencies and with the State Commission on National and Community Service to facilitate the removal of unnecessary interagency barriers to partnerships between state agencies and faith- and community-based organizations; and

(3) operate in a manner that promotes effective partnerships between those agencies and organizations to serve residents of this state who need assistance.

Sec. 535.054. REPORTS.

(a) A liaison designated under Section 535.051 shall:

(1) provide periodic reports to the executive commissioner or other chief executive officer who designated the liaison, as applicable, on a schedule determined by the person who designated the liaison; and

(2) report annually to the governor's office of faith- and community-based initiatives and as necessary to the State Commission on National and Community Service regarding the liaison's efforts to comply with the duties imposed under Sections 535.052 and 535.053.

(b) Each report made under Subsection (a)(2) must be made available to the public through posting on the office of the governor's Internet website, and the reports may be aggregated into a single report for that purpose.

[Sections 535.055-535.100 reserved for expansion]

SUBCHAPTER C. RENEWING OUR COMMUNITIES ACCOUNT

Sec. 535.101. DEFINITION. In this subchapter, "account" means the renewing our communities account.

Sec. 535.102. PURPOSES OF SUBCHAPTER. Recognizing that faith- and community based organizations provide a range of vital charitable services to persons in this state, the purposes of this subchapter are to:

- (1) increase the impact and effectiveness of those organizations;
- (2) forge stronger partnerships between those organizations and state government so that communities are empowered to serve persons in need and community capacity for providing services is strengthened; and
- (3) create a funding mechanism that builds on the established efforts of those organizations and operates to create new partnerships in local communities for the benefit of this state.

Sec. 535.103. RENEWING OUR COMMUNITIES ACCOUNT.

(a) The renewing our communities account is an account in the general revenue fund that may be appropriated only to the commission for the purposes and activities authorized by this subchapter and for reasonable administrative expenses under this subchapter.

(b) The account consists of:

- (1) all money appropriated for the purposes of this subchapter;
- (2) any gifts, grants, or donations received for the purposes of this subchapter; and
- (3) interest earned on money in the account.

(c) The account is exempt from the application of Section 403.095.

(d) The purposes of the account are to:

- (1) increase the capacity of faith- and community-based organizations to provide charitable services and to manage human resources and funds;
- (2) assist local governmental entities in establishing local offices to promote faith- and community-based initiatives; and
- (3) foster better partnerships between state government and faith- and community-based organizations.

Sec. 535.104. POWERS AND DUTIES REGARDING ACCOUNT.

(a) The commission shall:

(1) contract with the State Commission on National and Community Service to administer funds appropriated from the account in a manner that:

(A) consolidates the capacity of and strengthens national service and community and faith-based initiatives; and

(B) leverages public and private funds to benefit this state;

(2) develop a competitive process to be used in awarding grants from account funds that is consistent with state law and includes objective selection criteria;

(3) oversee the delivery of training and other assistance activities under this subchapter;

(4) develop criteria limiting awards of grants under Section 535.105(1)(A) to small and medium-sized faith- and community-based organizations that provide charitable services to persons in this state;

(5) establish general state priorities for the account;

(6) establish and monitor performance and outcome measures for persons to whom grants are awarded under this subchapter; and

(7) establish policies and procedures to ensure that any money appropriated from the account to the commission that is allocated to build the capacity of a faith-based organization or for a faith-based initiative, including money allocated for the establishment of the advisory committee under

Section 535.108, is not used to advance a sectarian purpose or to engage in any form of proselytization.

(b) Instead of contracting with the State Commission on National and Community Service under Subsection (a)(1), the commission may award account funds appropriated to the commission to the State Commission on National and Community Service in the form of a grant.

(c) Any funds awarded to the State Commission on National and Community Service under a contract or through a grant under this section must be administered in the manner required by this subchapter, including Subsection (a)(1).

(d) The commission or the State Commission on National and Community Service, in accordance with the terms of the contract or grant, as applicable, may:

(1) directly, or through agreements with one or more entities that serve faith- and community-based organizations that provide charitable services to persons in this state:

(A) assist faith- and community-based organizations with:

(i) writing or managing grants through workshops or other forms of guidance;

(ii) obtaining legal assistance related to forming a corporation or obtaining an exemption from taxation under the Internal Revenue Code; and

(iii) obtaining information about or referrals to entities that provide expertise in accounting, legal, or tax issues, program development matters, or other organizational topics;

(B) provide information or assistance to faith- and community-based organizations related to building the organizations' capacity for providing services;

(C) facilitate the formation of networks, the coordination of services, and the sharing of resources among faith- and community-based organizations;

(D) in cooperation with existing efforts, if possible, conduct needs assessments to identify gaps in services in a community that present a need for developing or expanding services;

(E) work with faith- and community-based organizations to identify the organizations' needs for improvements in their internal capacity for providing services;

(F) provide faith- and community-based organizations with information on and assistance in identifying or using practices with demonstrated effectiveness for delivering charitable services to persons, families, and communities and in replicating charitable services programs that have demonstrated effectiveness; and

(G) encourage research into the impact of organizational capacity on program delivery for faith- and community-based organizations;

(2) assist a local governmental entity in creating a better partnership between government and faith- and community-based organizations to provide charitable services to persons in this state; and

(3) use funds appropriated from the account to provide matching money for federal or private grant programs that further the purposes of the account as described by Section 535.103(d).

(e) The commission shall monitor the use of the funds administered by the State Commission on National and Community Service under a contract or through a grant under this section to ensure that the funds are used in a manner consistent with the requirements of this subchapter. Records relating to the award of a contract or grant to the State Commission on National and Community Service, or to grants awarded by that entity, and records relating to other uses of the funds are public information subject to Chapter 552.

(f) If the commission contracts with or awards a grant to the State Commission on National and Community Service under this section, this subchapter may not be construed to:

(1) release that entity from any regulations or reporting or other requirements applicable to a contractor or grantee of the commission;

(2) impose regulations or reporting or other requirements on that entity that do not apply to other contractors or grantees of the commission solely because of the entity's status;

(3) alter the nonprofit status of that entity or the requirements for maintaining that status; or

(4) convert that entity into a governmental entity because of the receipt of account funds through the contract or grant.

Sec. 535.105. ADMINISTRATION OF ACCOUNT FUNDS.

If under Section 535.104 the commission contracts with or awards a grant to the State Commission on National and Community Service, that entity:

(1) may award grants from funds appropriated from the account to:

(A) faith- and community-based organizations that provide charitable services to persons in this state for capacity-building purposes; and

(B) local governmental entities to provide seed money for local offices for faith- and community-based initiatives; and

(2) shall monitor performance and outcome measures for persons to whom that entity awards grants using the measures established by the commission under Section 535.104(a)(6).

Sec. 535.106. REPORTS AND PUBLIC INFORMATION.

(a) The commission shall provide a link on the commission's Internet website to the Internet website of the State Commission on National and Community Service if the commission contracts with or awards a grant to that entity under Section 535.104. The entity's Internet website must provide:

(1) a list of the names of each person to whom the entity awarded a grant from money appropriated from the account and the amount and purpose of the grant; and

(2) information regarding the methods by which the public may request information about those grants.

(b) If awarded a contract or grant under Section 535.104, the State Commission on National and Community Service must provide to the commission periodic reports on a schedule determined by the executive commissioner. The schedule of periodic reports must include an annual report that includes:

(1) a specific accounting with respect to the use by that entity of money appropriated from the account, including the names of persons to whom grants have been awarded and the purposes of those grants; and

(2) a summary of the efforts of the faith- and community-based liaisons designated under Section 535.051 to comply with the duties imposed by and the purposes of Sections 535.052 and 535.053.

(c) The commission shall post the annual report made under Subsection (b) on the commission's Internet website and shall provide copies of the report to the governor, the lieutenant governor, and the members of the legislature.

Sec. 535.107. TASK FORCE ON STRENGTHENING NONPROFIT CAPACITY.

(a) The executive commissioner, in consultation with the governor, shall establish a task force to make

recommendations for strengthening the capacity of faith- and community-based organizations for managing human resources and funds and providing services. The members of the task force must include:

(1) representatives from state agencies, nonprofit organizations, the academic community, and the foundation community; and

(2) other individuals who have expertise that would be valuable to the task force.

(b) Using money appropriated from the account, the task force shall hold at least three public hearings in various geographic areas of this state, at least one of which must be outside of Central Texas. The task force shall hear testimony at the hearings regarding strengthening the capacity of faith- and community-based organizations to manage human resources and funds and provide services.

(c) The task force is not required to hold a public hearing if the remaining money appropriated from the account to the commission for the state fiscal biennium is insufficient for the performance of the duties or activities under this subchapter.

(d) The task force shall present a report and legislative recommendations to the House Committee on Human Services or its successor, the House Committee on Public Health or its successor, and the Senate Health and Human Services Committee or its successor not later than September 1, 2010, regarding its recommendations.

(e) This section expires September 1, 2011.

Sec. 535.108. RENEWING OUR COMMUNITIES ACCOUNT ADVISORY COMMITTEE.

(a) The executive commissioner shall appoint leaders of faith- and community based organizations in this state to serve on the renewing our communities account advisory committee. The advisory committee members must be representative of the religious, cultural, and geographic diversity of this state and the diversity of organization types and sizes in this state.

(b) The advisory committee shall make recommendations to the executive commissioner regarding the powers and duties with respect to the account as described by Section 535.104.

(c) Except as otherwise provided by this subsection, the advisory committee shall meet at least twice each calendar year. The advisory committee is not required to meet if the remaining amount appropriated from the account to the commission for the state fiscal biennium is insufficient for the performance of any duties or activities under this subchapter.

(d) Chapter 2110 does not apply to the advisory committee.

(e) The advisory committee is subject to Chapter 551.

(b) The executive commissioner of the Health and Human Services Commission and the chief executive officers of the Office of Rural Community Affairs, the Texas Commission on Environmental Quality, the Texas Department of Criminal Justice, the Texas Department of Housing and Community Affairs, the Texas Education Agency, the Texas Juvenile Probation Commission, the Texas Veterans Commission, the Texas Workforce Commission, the Texas Youth Commission, and any other state agency as determined by the governor shall designate the liaisons for faith- and

community-based initiatives as required under Section 535.051, Government Code, as added by this section, not later than December 1, 2009.

(c) The interagency coordinating group established under Section 535.053, Government Code, as added by this section, shall hold its first meeting not later than February 1, 2010.

SECTION 2. This Act does not make an appropriation. A provision in this Act that creates a new governmental program, creates a new entitlement, or imposes a new duty on a governmental entity is not mandatory during a fiscal period for which the legislature has not made a specific appropriation to implement the provision.

SECTION 3. If before implementing any provision of this Act a state agency determines that a waiver or authorization from a federal agency is necessary for implementation of that provision, the agency affected by the provision shall request the waiver or authorization and may delay implementing that provision until the waiver or authorization is granted.

SECTION 4. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2009.

President of the Senate

Speaker of the House

I certify that H.B. No. 492 was passed by the House on April 24, 2009, by the following vote: Yeas 119, Nays 15, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 492 on May 18, 2009, by the following vote: Yeas 139, Nays 2, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 492 was passed by the Senate, with amendments, on May 14, 2009, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED:

Date

Governor