

AN ACT

relating to the continuation and functions of the Office of Rural  
Community Affairs.

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

SECTION 1. Section 487.001(1), Government Code, is amended  
to read as follows:

(1) "Board" [~~"Executive committee"~~] means the board  
[~~executive committee~~] of the Office of Rural Community Affairs.

SECTION 2. Section 487.002, Government Code, is amended to  
read as follows:

Sec. 487.002. SUNSET PROVISION. The Office of Rural  
Community Affairs is subject to Chapter 325 (Texas Sunset Act).  
Unless continued in existence as provided by that chapter, the  
office is abolished and this chapter expires September 1, 2013  
[~~2007~~].

SECTION 3. Section 487.021, Government Code, is amended to  
read as follows:

Sec. 487.021. BOARD [~~EXECUTIVE COMMITTEE~~]. (a) The board  
[~~executive committee~~] is the governing body of the office.

(b) The board [~~executive committee~~] is composed of the  
following 11 [~~nine~~] members:

(1) four [~~three~~] members who represent different  
geographic regions of the state appointed by the governor,  
including:

1           (A) two locally elected rural city or county  
2 officials or city or county employees involved with rural  
3 development; and

4           (B) two public members each of whom resides in a  
5 rural city or county;

6           (2) three public members appointed by the [~~lieutenant~~]  
7 governor from a list of nominees submitted by the lieutenant  
8 governor; [and]

9           (3) three public members appointed by the governor  
10 from a list of nominees submitted by the speaker of the house of  
11 representatives; and

12           (4) the commissioner of agriculture or the  
13 commissioner's designee.

14           (b-1) The individuals nominated by the lieutenant governor  
15 and the speaker of the house of representatives must reside in a  
16 rural city or county and be interested in rural issues. In making  
17 an appointment under Subsection (b)(2) or (3), the governor may  
18 reject one or more of the nominees on a list submitted by the  
19 lieutenant governor or the speaker of the house of representatives  
20 and request a new list of different nominees.

21           (c) In this section, "rural city or county" means a rural  
22 city or county as defined by the federal community development  
23 block grant nonentitlement program. [~~The governor, the lieutenant~~  
24 governor, and the speaker of the house of representatives shall  
25 each appoint at least two members who possess a strong  
26 understanding of and commitment to rural interests based on the  
27 individual's personal history, including residency, occupation,

1 ~~and business or civic activities.]~~

2 (d) Appointments to the board [~~executive committee~~] shall  
3 be made without regard to the race, color, disability, sex,  
4 religion, age, or national origin of the appointees.

5 (e) The members of the board who are not serving as an  
6 additional duty of an office in state government [~~executive~~  
7 ~~committee~~] serve for staggered six-year terms, with the terms of  
8 three or four members expiring February 1 of each odd-numbered  
9 year.

10 (f) Board [~~Executive committee~~] members receive no  
11 compensation but are entitled to reimbursement of actual and  
12 necessary expenses incurred in the performance of their duties.

13 (g) The governor shall designate a member [~~The members~~] of  
14 the board as the [~~executive committee annually shall elect a~~]  
15 presiding officer [~~from among the members~~] of the board to serve in  
16 that capacity at the will of the governor [~~executive committee~~].

17 (h) Service on the board by the commissioner of agriculture  
18 or an officer of a county or municipality is an additional duty of  
19 the individual's office.

20 SECTION 4. Sections 487.022(b) and (c), Government Code,  
21 are amended to read as follows:

22 (b) A person may not be a member of the board [~~executive~~  
23 ~~committee~~] and may not be an office employee employed in a "bona  
24 fide executive, administrative, or professional capacity," as that  
25 phrase is used for purposes of establishing an exemption to the  
26 overtime provisions of the federal Fair Labor Standards Act of 1938  
27 (29 U.S.C. Section 201 et seq.) and its subsequent amendments, if:

1 (1) the person is an officer, employee, or paid  
2 consultant of a Texas trade association in the field of rural  
3 affairs; or

4 (2) the person's spouse is an officer, manager, or paid  
5 consultant of a Texas trade association in the field of rural  
6 affairs.

7 (c) A person may not be a member of the board [~~executive~~  
8 ~~committee~~] or act as the general counsel to the board [~~executive~~  
9 ~~committee~~] or the office if the person is required to register as a  
10 lobbyist under Chapter 305 because of the person's activities for  
11 compensation on behalf of a profession related to the operation of  
12 the office.

13 SECTION 5. Sections 487.023 through 487.027, Government  
14 Code, are amended to read as follows:

15 Sec. 487.023. TRAINING FOR MEMBERS OF BOARD [~~EXECUTIVE~~  
16 ~~COMMITTEE~~]. (a) A person who is appointed to and qualifies for  
17 office as a member of the board [~~executive committee~~] may not vote,  
18 deliberate, or be counted as a member in attendance at a meeting of  
19 the board [~~executive committee~~] until the person completes a  
20 training program that complies with this section.

21 (b) The training program must provide the person with  
22 information regarding:

23 (1) the legislation that created the office [~~and the~~  
24 ~~executive committee~~];

25 (2) the programs, ] [~~operated by the office,~~

26 [~~(3) the role and~~] functions, ] [~~of the office,~~

27 [~~(4) the~~] rules, ] [~~of the office, with an emphasis on~~

1 ~~any rules that relate to disciplinary]~~ and [investigatory  
2 authority,

3 ~~(5) the current]~~ budget of for the office;

4 (3) ~~(6)~~ the results of the most recent formal audit  
5 of the office;

6 (4) ~~(7)~~ the requirements of laws relating to[~~+~~

7 ~~(A) the]~~ open meetings [~~law~~], [~~Chapter 551,~~

8 ~~(B) the]~~ public information [~~law~~], [~~Chapter~~  
9 ~~552,~~

10 ~~(C) the]~~ administrative procedure [~~law~~],  
11 [~~Chapter 2001,~~] and conflicts of interest

12 ~~(D) other laws relating to public officials,~~  
13 ~~including conflict-of-interest laws]; and~~

14 (5) ~~(8)~~ any applicable ethics policies adopted by  
15 the office [~~executive committee~~] or the Texas Ethics Commission.

16 (c) A person appointed to the board [~~executive committee~~] is  
17 entitled to reimbursement, as provided by [~~general law and~~] the  
18 General Appropriations Act, for the travel expenses incurred in  
19 attending the training program regardless of whether the attendance  
20 at the program occurs before or after the person qualifies for  
21 office.

22 Sec. 487.024. REMOVAL. (a) It is a ground for removal from  
23 the board [~~executive committee~~] that a member:

24 (1) does not have at the time of taking office the  
25 qualifications required by Section 487.021;

26 (2) does not maintain during service on the board  
27 [~~executive committee~~] the qualifications required by Section

1 487.021;

2 (3) is ineligible for membership under Section  
3 487.022;

4 (4) cannot, because of illness or disability,  
5 discharge the member's duties for a substantial part of the member's  
6 term; or

7 (5) is absent from more than half of the regularly  
8 scheduled board [~~executive committee~~] meetings that the member is  
9 eligible to attend during a calendar year without an excuse  
10 approved by a majority vote of the board [~~executive committee~~].

11 (b) The validity of an action of the board [~~executive~~  
12 ~~committee~~] is not affected by the fact that it is taken when a  
13 ground for removal of a board [~~an executive committee~~] member  
14 exists.

15 (c) If the executive director has knowledge that a potential  
16 ground for removal exists, the executive director shall notify the  
17 presiding officer of the board [~~executive committee~~] of the  
18 potential ground. The presiding officer shall then notify the  
19 appointing authority [~~governor~~] and the attorney general that a  
20 potential ground for removal exists. If the potential ground for  
21 removal involves the presiding officer, the executive director  
22 shall notify the next highest ranking officer of the board  
23 [~~executive committee~~], who shall then notify the appointing  
24 authority [~~governor~~] and the attorney general that a potential  
25 ground for removal exists.

26 Sec. 487.025. DIVISION OF RESPONSIBILITY. The board  
27 [~~executive committee~~] shall develop and implement policies that

1 clearly separate the policy-making responsibilities of the board  
2 [~~executive committee~~] and the management responsibilities of the  
3 executive director and staff of the office.

4 Sec. 487.026. EXECUTIVE DIRECTOR. (a) The board  
5 [~~executive committee~~] may hire an executive director to serve as  
6 the chief executive officer of the office and to perform the  
7 administrative duties of the office.

8 (b) The executive director serves at the will of the board  
9 [~~executive committee~~].

10 (c) The executive director may hire staff within guidelines  
11 established by the board [~~executive committee~~].

12 Sec. 487.027. PUBLIC HEARINGS. The board [~~executive~~  
13 ~~committee~~] shall develop and implement policies that provide the  
14 public with a reasonable opportunity to appear before the board  
15 [~~executive committee~~] and to speak on any issue under the  
16 jurisdiction of the office.

17 SECTION 6. Section 487.029, Government Code, is amended to  
18 read as follows:

19 Sec. 487.029. STANDARDS OF CONDUCT. The executive director  
20 or the executive director's designee shall provide to members of  
21 the board [~~executive committee~~] and to agency employees, as often  
22 as necessary, information regarding the requirements for office or  
23 employment under this chapter, including information regarding a  
24 person's responsibilities under applicable laws relating to  
25 standards of conduct for state officers or employees.

26 SECTION 7. Section 487.030, Government Code, is amended to  
27 read as follows:

1           Sec. 487.030. COMPLAINTS. (a) The office shall maintain a  
2 system to promptly and efficiently act on complaints [~~file on each~~  
3 ~~written complaint~~] filed with the office. The office shall  
4 maintain information about parties to the complaint, the subject  
5 matter of the complaint, a summary of the results of the review or  
6 investigation of the complaint, and its disposition [~~The file must~~  
7 ~~include:~~

- 8                   ~~[(1) the name of the person who filed the complaint,~~  
9                   ~~[(2) the date the complaint is received by the office,~~  
10                   ~~[(3) the subject matter of the complaint,~~  
11                   ~~[(4) the name of each person contacted in relation to~~  
12 ~~the complaint,~~  
13                   ~~[(5) a summary of the results of the review or~~  
14 ~~investigation of the complaint, and~~  
15                   ~~[(6) an explanation of the reason the file was closed,~~  
16 ~~if the office closed the file without taking action other than to~~  
17 ~~investigate the complaint].~~

18           (b) The office shall make information available describing  
19 its [~~provide to the person filing the complaint and to each person~~  
20 ~~who is a subject of the complaint a copy of the office's policies~~  
21 ~~and~~] procedures for [~~relating to~~] complaint investigation and  
22 resolution.

23           (c) The office [~~at least quarterly until final disposition~~  
24 ~~of the complaint,~~] shall periodically notify the complaint parties  
25 [~~person filing the complaint and each person who is a subject of the~~  
26 ~~complaint~~] of the status of the complaint until final disposition  
27 [~~investigation unless the notice would jeopardize an undercover~~

1 ~~investigation]~~.

2 SECTION 8. Subchapter B, Chapter 487, Government Code, is  
3 amended by adding Sections 487.031 and 487.032 to read as follows:

4 Sec. 487.031. USE OF TECHNOLOGY. The board shall implement  
5 a policy requiring the office to use appropriate technological  
6 solutions to improve the office's ability to perform its functions.  
7 The policy must ensure that the public is able to interact with the  
8 office on the Internet.

9 Sec. 487.032. NEGOTIATED RULEMAKING AND ALTERNATIVE  
10 DISPUTE RESOLUTION PROCEDURES. (a) The board shall develop and  
11 implement a policy to encourage the use of:

12 (1) negotiated rulemaking procedures under Chapter  
13 2008 for the adoption of office rules; and

14 (2) appropriate alternative dispute resolution  
15 procedures under Chapter 2009 to assist in the resolution of  
16 internal and external disputes under the office's jurisdiction.

17 (b) The office's procedures relating to alternative dispute  
18 resolution must conform, to the extent possible, to any model  
19 guidelines issued by the State Office of Administrative Hearings  
20 for the use of alternative dispute resolution by state agencies.

21 (c) The board shall designate a trained person to:

22 (1) coordinate the implementation of the policy  
23 adopted under Subsection (a);

24 (2) serve as a resource for any training needed to  
25 implement the procedures for negotiated rulemaking or alternative  
26 dispute resolution; and

27 (3) collect data concerning the effectiveness of those

1 procedures, as implemented by the office.

2 SECTION 9. Section 487.051, Government Code, is amended to  
3 read as follows:

4 Sec. 487.051. POWERS AND DUTIES. (a) The office shall:

5 (1) assist rural communities in the key areas of  
6 economic development, community development, rural health, and  
7 rural housing [~~develop a rural policy for the state in consultation~~  
8 ~~with local leaders representing all facets of rural community life,~~  
9 ~~academic and industry experts, and state elected and appointed~~  
10 ~~officials with interests in rural communities~~];

11 (2) serve as a clearinghouse for information and  
12 resources on all state and federal programs affecting rural  
13 communities [~~work with other state agencies and officials to~~  
14 ~~improve the results and the cost-effectiveness of state programs~~  
15 ~~affecting rural communities through coordination of efforts~~];

16 (3) in consultation with rural community leaders,  
17 locally elected officials, state elected and appointed officials,  
18 academic and industry experts, and the interagency work group  
19 created under this chapter, identify and prioritize policy issues  
20 and concerns affecting rural communities in the state [~~develop~~  
21 ~~programs to improve the leadership capacity of rural community~~  
22 ~~leaders~~];

23 (4) make recommendations to the legislature to address  
24 the concerns affecting rural communities identified under  
25 Subdivision (3);

26 (5) monitor developments that have a substantial  
27 effect on rural Texas communities, especially actions of state

1 government, and compile an annual report describing and evaluating  
2 the condition of rural communities;

3 (6) [~~(5)~~] administer the federal community  
4 development block grant nonentitlement program;

5 (7) [~~(6)~~] administer programs supporting rural health  
6 care as provided by this chapter;

7 (8) [~~(7)~~] perform research to determine the most  
8 beneficial and cost-effective ways to improve the welfare of rural  
9 communities;

10 (9) [~~(8)~~] ensure that the office qualifies as the  
11 state's office of rural health for the purpose of receiving grants  
12 from the Office of Rural Health Policy of the United States  
13 Department of Health and Human Services under 42 U.S.C. Section  
14 254r;

15 (10) [~~(9)~~] manage the state's Medicare rural hospital  
16 flexibility program under 42 U.S.C. Section 1395i-4; ~~and~~

17 (11) [~~(10)~~] seek state and federal money available for  
18 economic development in rural areas for programs under this  
19 chapter; and

20 (12) in conjunction with the Department of  
21 Agriculture, regularly cross-train office employees with employees  
22 of the Department of Agriculture regarding the programs  
23 administered and services provided by each agency to rural  
24 communities.

25 (b) The office may require office employees who work at  
26 locations other than the central office to be based in Department of  
27 Agriculture offices.

1 SECTION 10. Section 487.052, Government Code, is amended to  
2 read as follows:

3 Sec. 487.052. RULES. The board [~~executive committee~~] may  
4 adopt rules as necessary to implement this chapter.

5 SECTION 11. Section 487.053(b), Government Code, is amended  
6 to read as follows:

7 (b) All gifts, grants, and donations must be accepted in an  
8 open meeting by a majority of the voting members of the board  
9 [~~executive committee~~] and reported in the public record of the  
10 meeting with the name of the donor and purpose of the gift, grant,  
11 or donation.

12 SECTION 12. Section 487.054(b), Government Code, is amended  
13 to read as follows:

14 (b) The board [~~executive committee~~] shall call the annual  
15 meeting. The board [~~executive committee~~] shall set the time and  
16 date of the meeting after consulting with the agency heads listed in  
17 Subsection (a).

18 SECTION 13. Section 487.055, Government Code, is amended to  
19 read as follows:

20 Sec. 487.055. ADVISORY COMMITTEES. The board [~~executive~~  
21 ~~committee~~] may appoint advisory committees as necessary to assist  
22 the board [~~executive committee~~] in performing its duties. An  
23 advisory committee may be composed of private citizens and  
24 representatives from state and local governmental entities. A  
25 state or local governmental entity shall appoint a representative  
26 to an advisory committee at the request of the board [~~executive~~  
27 ~~committee~~]. Chapter 2110 does not apply to an advisory committee

1 created under this section.

2 SECTION 14. Section 487.056, Government Code, is amended by  
3 adding Subsection (c) to read as follows:

4 (c) The office shall obtain information on the availability  
5 of housing in rural communities throughout the state for all income  
6 levels. The office shall include the information, and the office's  
7 assessment of the information, in the office's report to the  
8 legislature.

9 SECTION 15. Section 487.057(b), Government Code, is amended  
10 to read as follows:

11 (b) The office shall submit the rural health work plan to  
12 the board [~~executive committee~~] for approval. The board [~~executive~~  
13 ~~committee~~] shall approve the rural health work plan not later than  
14 August 1 of each odd-numbered year.

15 SECTION 16. Sections 487.059(b), (c), (e), (f), and (g),  
16 Government Code, are amended to read as follows:

17 (b) If a member of the board [~~executive committee~~] or a  
18 [~~another~~] committee established under this chapter, including an  
19 advisory committee, has a financial interest in an entity that  
20 applies for a monetary award, the board or committee member shall,  
21 before a vote on the monetary award, disclose the fact of the board  
22 or committee member's financial interest. The board or committee  
23 shall enter the disclosure into the minutes of the meeting at which  
24 a vote on the monetary award is taken. The board or committee  
25 member may not vote on or otherwise participate in a discussion or  
26 any other activity that relates to awarding the monetary award. If  
27 the board or committee member does not comply with this subsection,

1 the entity is not eligible for the monetary award.

2 (c) If the executive director or another office employee has  
3 a financial interest in an entity that applies for a monetary award,  
4 the executive director or employee:

5 (1) shall, as soon as possible, disclose to the board  
6 [~~executive committee~~] the fact of the director's or employee's  
7 financial interest;

8 (2) may not participate in staff evaluations regarding  
9 the monetary award; and

10 (3) if the executive director or employee under office  
11 procedures may [~~has a~~] vote, or make a recommendation concerning a  
12 vote, on a matter that involves the monetary award:

13 (A) shall disclose the fact of the director's or  
14 employee's financial interest before a vote on the monetary award,  
15 which the board or committee shall enter into the minutes of the  
16 meeting at which a vote on the monetary award is taken; and

17 (B) may not vote on or otherwise participate in a  
18 discussion or any other activity that relates to awarding the  
19 monetary award.

20 (e) Subsections (f) and (g) apply only to a member of the  
21 board or a [~~executive~~] committee who is employed by:

22 (1) an entity that offers to enter into a contract with  
23 the office; or

24 (2) an entity that is under common ownership or  
25 governance with or otherwise affiliated with an entity that applies  
26 for a monetary award or offers to enter into a contract with the  
27 office.

1           (f) The board or [~~executive~~] committee member shall, before  
2 a vote on the monetary award or contract, disclose the fact of the  
3 member's employment by the entity. The board or [~~executive~~]  
4 committee shall enter the disclosure into the minutes of the  
5 meeting at which a vote on the monetary award or contract is taken.  
6 The board or [~~executive~~] committee member may not vote on or  
7 otherwise participate in a discussion or any other activity that  
8 relates to awarding the monetary award or contract.

9           (g) If the board or [~~executive~~] committee member does not  
10 comply with Subsection (f), the entity is not eligible to be awarded  
11 the monetary award or contract.

12           SECTION 17. Sections 487.103(a), (b), and (c), Government  
13 Code, are amended to read as follows:

14           (a) The selection committee shall advise the board  
15 [~~executive committee~~] on the progress of the program.

16           (b) The selection committee is composed of 12 members  
17 appointed by the board [~~executive committee~~].

18           (c) The board [~~executive committee~~] shall consider  
19 geographical representation in making appointments to the  
20 selection committee.

21           SECTION 18. Sections 487.104(b) and (d), Government Code,  
22 are amended to read as follows:

23           (b) The selection committee shall make selections based on  
24 criteria approved by the board [~~executive committee~~] and adopted as  
25 a rule of the office.

26           (d) The selection committee shall recommend to the board  
27 [~~executive committee~~] guidelines to be used by rural communities in

1 the selection of students for nomination and sponsorship as  
2 outstanding rural scholars.

3 SECTION 19. Section 487.107, Government Code, is amended to  
4 read as follows:

5 Sec. 487.107. AWARDING OF LOANS. (a) The selection  
6 committee shall recommend to the board [~~executive committee~~]  
7 guidelines for the awarding of forgivable loans to outstanding  
8 rural scholars.

9 (b) The board [~~executive committee~~], acting on the advice of  
10 the selection committee, shall award forgivable loans to  
11 outstanding rural scholars based on the availability of money in  
12 the fund.

13 (c) If in any year the fund is inadequate to provide loans to  
14 all eligible applicants, the board [~~executive committee~~] shall  
15 award forgivable loans on a priority basis according to the  
16 applicants' academic performance, test scores, and other criteria  
17 of eligibility.

18 SECTION 20. Section 487.108(a), Government Code, is amended  
19 to read as follows:

20 (a) On confirmation of an outstanding rural scholar's  
21 admission to a postsecondary educational institution, or on receipt  
22 of an enrollment report of the scholar at a postsecondary  
23 educational institution, and a certification of the amount of  
24 financial support needed, the selection committee annually shall  
25 recommend to the board [~~executive committee~~] that the board  
26 [~~committee~~] award a forgivable loan to the scholar in the amount of  
27 50 percent of the cost of the scholar's tuition, fees, educational

1 materials, and living expenses.

2 SECTION 21. Sections 487.109(b), (c), and (d), Government  
3 Code, are amended to read as follows:

4 (b) The sponsoring community shall report to the board  
5 [~~executive committee~~] the length of time the scholar practices as a  
6 health care professional in the community.

7 (c) If the board [~~executive committee~~] finds that a  
8 sponsoring community is not in need of the scholar's services and  
9 that the community is willing to forgive repayment of the principal  
10 balance and interest of the scholar's loan, the board [~~executive~~  
11 ~~committee~~] by rule may provide for the principal balance and  
12 interest of one year of the scholar's loan to be forgiven for each  
13 year the scholar practices in another rural community in this  
14 state.

15 (d) Any amount of loan principal or interest that is not  
16 forgiven under this section shall be repaid to the office with  
17 reasonable collection fees in a timely manner as provided by board  
18 [~~executive committee~~] rule.

19 SECTION 22. Section 487.112, Government Code, is amended to  
20 read as follows:

21 Sec. 487.112. ADOPTION AND DISTRIBUTION OF RULES. (a) The  
22 board [~~executive committee~~] shall adopt reasonable rules to enforce  
23 the requirements, conditions, and limitations under this  
24 subchapter.

25 (b) The board [~~executive committee~~] shall set the rate of  
26 interest charged on a forgivable loan under this subchapter.

27 (c) The board [~~executive committee~~] shall adopt rules

1 necessary to ensure compliance with the federal Civil Rights Act of  
2 1964 (42 U.S.C. Section 2000a et seq.) concerning nondiscrimination  
3 in admissions.

4 SECTION 23. Section 487.154, Government Code, is amended to  
5 read as follows:

6 Sec. 487.154. LOANS. (a) The board [~~executive committee~~]  
7 may award forgivable educational loans to eligible students under  
8 this subchapter.

9 (b) The board [~~executive committee~~] may award forgivable  
10 loans to eligible students based on the availability of money in the  
11 fund.

12 (c) If in any year the fund is inadequate to provide loans to  
13 all eligible students, the board [~~executive committee~~] may award  
14 forgivable loans on a priority basis according to the students'  
15 academic performance, test scores, and other criteria of  
16 eligibility.

17 SECTION 24. Section 487.155(a), Government Code, is amended  
18 to read as follows:

19 (a) To be eligible to receive a loan under this subchapter,  
20 a student must:

21 (1) be sponsored by an eligible community;

22 (2) at the time of the application for the loan, be  
23 enrolled in high school or enrolled or accepted for enrollment in a  
24 postsecondary educational institution in this state;

25 (3) meet academic requirements as established by the  
26 board [~~executive committee~~];

27 (4) plan to complete a health care professional degree

1 or certificate program;

2 (5) plan to practice as a health care professional in a  
3 qualified area of the state; and

4 (6) meet other requirements as established by the  
5 board [~~executive committee~~].

6 SECTION 25. Section 487.156(c), Government Code, is amended  
7 to read as follows:

8 (c) The board [~~executive committee~~] shall determine the  
9 percentage of educational expenses communities are required to  
10 provide under this section.

11 SECTION 26. Section 487.157(a), Government Code, is amended  
12 to read as follows:

13 (a) On confirmation of an eligible student's admission to a  
14 postsecondary educational institution, or on receipt of an  
15 enrollment report of the student at a postsecondary educational  
16 institution, and certification of the amount of financial support  
17 needed, the board [~~executive committee~~] may award a forgivable loan  
18 to the student in the amount of not more than the cost of the  
19 student's tuition, fees, educational materials, and living  
20 expenses.

21 SECTION 27. Section 487.158(b), Government Code, is amended  
22 to read as follows:

23 (b) The contract must provide that if the student does not  
24 provide the required services to the community or provides those  
25 services for less than the required time, the student is personally  
26 liable to the state for:

27 (1) the total amount of assistance the student

1 receives from the office and the sponsoring community;

2 (2) interest on the total amount at a rate set by the  
3 board [~~executive committee~~]; and

4 (3) the state's reasonable expenses incurred in  
5 obtaining payment, including reasonable attorney's fees.

6 SECTION 28. Section 487.159(b), Government Code, is amended  
7 to read as follows:

8 (b) If the board [~~executive committee~~] finds that a  
9 sponsoring community is not in need of the student's services and  
10 that the community is willing to forgive repayment of the principal  
11 balance and interest of the student's loan, the board [~~executive  
12 committee~~] by rule may provide for the principal balance and  
13 interest of the student's loan to be forgiven if the student  
14 provides services in another qualified area in this state.

15 SECTION 29. Sections 487.161(b) and (c), Government Code,  
16 are amended to read as follows:

17 (b) The sponsoring community shall report to the board  
18 [~~executive committee~~] the length of time the student provides  
19 health care services in the community in accordance with the  
20 guidelines established by the board [~~executive committee~~].

21 (c) A postsecondary educational institution shall provide  
22 to the board [~~executive committee~~] a copy of the academic  
23 transcript of each student for whom the institution has received a  
24 release that complies with state and federal open records laws and  
25 that authorizes the provision of the transcript.

26 SECTION 30. Section 487.163, Government Code, is amended to  
27 read as follows:

1           Sec. 487.163. ADOPTION OF RULES. (a) The board [~~executive~~  
2 ~~committee~~] shall adopt reasonable rules to enforce the  
3 requirements, conditions, and limitations of this subchapter.

4           (b) The board [~~executive committee~~] shall set the rate of  
5 interest charged on a forgivable loan under this subchapter.

6           (c) The board [~~executive committee~~] shall adopt rules  
7 necessary to ensure compliance with the federal Civil Rights Act of  
8 1964 (42 U.S.C. Section 2000a et seq.) concerning nondiscrimination  
9 in admissions.

10          SECTION 31. Sections 487.202, 487.203, and 487.204,  
11 Government Code, are amended to read as follows:

12          Sec. 487.202. PROGRAM. (a) The board [~~executive~~  
13 ~~committee~~] shall establish and administer a program under this  
14 subchapter to increase the number of physicians providing primary  
15 care in medically underserved communities.

16          (b) A medically underserved community may sponsor a  
17 physician who has completed a primary care residency program and  
18 has agreed to provide primary care in the community by contributing  
19 start-up money for the physician and having that contribution  
20 matched wholly or partly by state money appropriated to the office  
21 [~~executive committee~~] for that purpose.

22          (c) A participating medically underserved community may  
23 provide start-up money to an eligible physician over a two-year  
24 period.

25          (d) The office [~~executive committee~~] may not pay more than  
26 \$25,000 to a community in a fiscal year unless the board [~~executive~~  
27 ~~committee~~] makes a specific finding of need by the community.

1           (e) The board [~~executive committee~~] shall establish  
2 priorities so that the neediest communities eligible for assistance  
3 under this subchapter are assured the receipt of a grant.

4           Sec. 487.203. ELIGIBILITY. To be eligible to receive money  
5 from the office [~~executive committee~~], a medically underserved  
6 community must:

7                   (1) apply for the money; and

8                   (2) provide evidence satisfactory to the board  
9 [~~executive committee~~] that it has entered into an agreement with a  
10 physician for the physician to provide primary care in the  
11 community for at least two years.

12           Sec. 487.204. RULES. The board [~~executive committee~~] shall  
13 adopt rules necessary for the administration of this subchapter,  
14 including rules addressing:

15                   (1) eligibility criteria for a medically underserved  
16 community;

17                   (2) eligibility criteria for a physician;

18                   (3) minimum and maximum community contributions to the  
19 start-up money for a physician to be matched with state money;

20                   (4) conditions under which state money must be repaid  
21 by a community or physician;

22                   (5) procedures for disbursement of money by the office  
23 [~~executive committee~~];

24                   (6) the form and manner in which a community must make  
25 its contribution to the start-up money; and

26                   (7) the contents of an agreement to be entered into by  
27 the parties, which must include at least:

- 1 (A) a credit check for an eligible physician; and  
2 (B) community retention of interest in any  
3 property, equipment, or durable goods for seven years.

4 SECTION 32. Section 487.252, Government Code, is amended to  
5 read as follows:

6 Sec. 487.252. TEXAS HEALTH SERVICE CORPS PROGRAM. (a) The  
7 board [~~executive committee~~] shall establish a program in the office  
8 to assist communities in recruiting and retaining physicians to  
9 practice in medically underserved areas.

10 (b) The board [~~executive committee~~] by rule shall  
11 establish:

- 12 (1) eligibility criteria for applicants;  
13 (2) stipend application procedures;  
14 (3) guidelines relating to stipend amounts;  
15 (4) procedures for evaluating stipend applications;  
16 and  
17 (5) a system of priorities relating to the:  
18 (A) geographic areas covered;  
19 (B) medical specialties eligible to receive  
20 funding under the program; and  
21 (C) level of stipend support.

22 SECTION 33. Section 487.253(a), Government Code, is amended  
23 to read as follows:

24 (a) The board [~~executive committee~~] shall adopt rules  
25 necessary to administer this subchapter, and the office shall  
26 administer the program in accordance with those rules.

27 SECTION 34. Section 487.351, Government Code, is amended by

1 adding Subsection (c) to read as follows:

2 (c) The office shall give priority to eligible activities in  
3 the areas of economic development, community development, rural  
4 health, and rural housing to support workforce development in  
5 awarding funding for community development block grant programs.

6 SECTION 35. Subchapter I, Chapter 487, Government Code, is  
7 amended by adding Section 487.3515 to read as follows:

8 Sec. 487.3515. EVALUATION OF COMMUNITY DEVELOPMENT BLOCK  
9 GRANT PROGRAM. (a) The office, in consultation with the Department  
10 of Agriculture, shall review and evaluate the administration of the  
11 state's allocation of federal funds under the community development  
12 block grant nonentitlement program and, based on the results of the  
13 evaluation, streamline administration of the program and program  
14 requirements. The office shall, at a minimum, evaluate:

15 (1) combining program fund categories, within  
16 allowable limits provided by state statute, the General  
17 Appropriations Act, and federal law and regulations;

18 (2) simplifying the grant application and scoring  
19 process; and

20 (3) regularly reviewing and closing out aged  
21 contracts.

22 (b) The office shall implement program changes resulting  
23 from the evaluation that do not require statutory changes as soon as  
24 possible, but not later than the date the office publishes the next  
25 community development block grant nonentitlement program action  
26 plan.

27 (c) The office shall include the findings from the

1 evaluation, program changes resulting from the evaluation, and any  
2 statutory changes needed to make additional changes in the agency's  
3 biennial report to the 81st Legislature.

4 (d) This section expires September 1, 2009.

5 SECTION 36. Section 487.353, Government Code, is amended by  
6 amending Subsections (i) and (j) and adding Subsections (k) and (l)  
7 to read as follows:

8 (i) The committee shall:

9 (1) consult with and advise the executive director on  
10 the administration and enforcement of the community development  
11 block grant program; and

12 (2) in consultation with the executive director and  
13 office staff, review and approve grant and loan [funding]  
14 applications and associated funding awards of eligible counties and  
15 municipalities and advise and assist the executive director  
16 regarding the allocation of program funds to those applicants.

17 (j) The committee may annually recommend to the executive  
18 director a formula for allocating funds to each geographic state  
19 planning region established by the governor under Chapter 391,  
20 Local Government Code. The formula must give preference to regions  
21 according to the regions' needs.

22 (k) An applicant for a grant, loan, or award under a  
23 community development block grant program may appeal a decision of  
24 the committee by filing a complaint with the board. The board shall  
25 hold a hearing on a complaint filed with the board under this  
26 subsection and render a decision.

27 (l) The committee is a governmental body for purposes of the

1 open meetings law, Chapter 551.

2 SECTION 37. Section 487.401, Government Code, is amended to  
3 read as follows:

4 Sec. 487.401. ADMINISTRATION. (a) The board [~~executive~~  
5 ~~committee~~] shall adopt rules that establish a procedure for  
6 designating a hospital as a rural hospital in order for the hospital  
7 to qualify for federal funds under 42 C.F.R. Part 412.

8 (b) At the hospital's request, the office shall designate  
9 the hospital as a rural hospital if the hospital meets the  
10 requirements for a rural hospital under the board's [~~executive~~  
11 ~~committee's~~] rules.

12 SECTION 38. Section 487.451(1), Government Code, is amended  
13 to read as follows:

- 14 (1) "Health care professional" means:
- 15 (A) an advanced nurse practitioner;
  - 16 (B) a dentist;
  - 17 (C) a dental hygienist;
  - 18 (D) a laboratory technician;
  - 19 (E) a licensed vocational nurse;
  - 20 (F) a licensed professional counselor;
  - 21 (G) a medical radiological technologist;
  - 22 (H) an occupational therapist;
  - 23 (I) a pharmacist;
  - 24 (J) a physical therapist;
  - 25 (K) a physician;
  - 26 (L) a physician assistant;
  - 27 (M) a psychologist;

- 1 (N) a registered nurse;
  - 2 (O) a social worker;
  - 3 (P) a speech-language pathologist;
  - 4 (Q) a veterinarian;
  - 5 (R) a chiropractor; and
  - 6 (S) another appropriate health care professional
- 7 identified by the board [~~executive committee~~].

8 SECTION 39. Section 487.452(a), Government Code, is amended  
9 to read as follows:

10 (a) The board [~~executive committee~~], in collaboration with  
11 Area Health Education Center Programs, shall establish a community  
12 healthcare awareness and mentoring program for students to:

13 (1) identify high school students in rural and  
14 underserved urban areas who are interested in serving those areas  
15 as health care professionals;

16 (2) identify health care professionals in rural and  
17 underserved urban areas to act as positive role models, mentors, or  
18 reference resources for the interested high school students;

19 (3) introduce interested high school students to the  
20 spectrum of professional health care careers through activities  
21 such as health care camps and shadowing of health care  
22 professionals;

23 (4) encourage a continued interest in service as  
24 health care professionals in rural and underserved urban areas by  
25 providing mentors and community resources for students  
26 participating in training or educational programs to become health  
27 care professionals; and

1           (5) provide continuing community-based support for  
2 students during the period the students are attending training or  
3 educational programs to become health care professionals,  
4 including summer job opportunities and opportunities to mentor high  
5 school students in the community.

6           SECTION 40. Section 487.454, Government Code, is amended to  
7 read as follows:

8           Sec. 487.454. GRANTS; ELIGIBILITY. (a) Subject to  
9 available funds, the board [~~executive committee~~] shall develop and  
10 implement, as a component of the program, a grant program to support  
11 employment opportunities in rural and underserved urban areas in  
12 this state for students participating in training or educational  
13 programs to become health care professionals.

14           (b) In awarding grants under the program, the board  
15 [~~executive committee~~] shall give first priority to grants to  
16 training or educational programs that provide internships to  
17 students.

18           (c) To be eligible to receive a grant under the grant  
19 program, a person must:

20           (1) apply for the grant on a form adopted by the board  
21 [~~executive committee~~];

22           (2) be enrolled or intend to be enrolled in a training  
23 or educational program to become a health care professional;

24           (3) commit to practice or work, after licensure as a  
25 health care professional, for at least one year as a health care  
26 professional in a rural or underserved urban area in this state; and

27           (4) comply fully with any practice or requirements

1 associated with any scholarship, loan, or other similar benefit  
2 received by the student.

3 (d) As a condition of receiving a grant under the program  
4 the student must agree to repay the amount of the grant, plus a  
5 penalty in an amount established by rule of the board [~~executive~~  
6 ~~committee~~] not to exceed two times the amount of the grant, if the  
7 student becomes licensed as a health care professional and fails to  
8 practice or work for at least one year as a health care professional  
9 in a rural or underserved urban area in this state.

10 SECTION 41. Section 487.553, Government Code, is amended to  
11 read as follows:

12 Sec. 487.553. LOAN REIMBURSEMENT PROGRAM. The board  
13 [~~executive committee~~] shall establish a program in the office to  
14 assist communities in recruiting health professionals to practice  
15 in medically underserved communities by providing loan  
16 reimbursement for health professionals who serve in those  
17 communities.

18 SECTION 42. Section 487.554(a), Government Code, is amended  
19 to read as follows:

20 (a) The board [~~executive committee~~] shall establish a  
21 program in the office to assist communities in recruiting health  
22 professionals to practice in medically underserved communities by  
23 providing a stipend to health professionals who agree to serve in  
24 those communities.

25 SECTION 43. Section 487.555(e), Government Code, is amended  
26 to read as follows:

27 (e) A contract under this section must provide that a health

1 professional who does not provide the required services to the  
2 community or provides those services for less than the required  
3 time is personally liable to the state for:

4 (1) the total amount of assistance the health  
5 professional received from the office and the medically underserved  
6 community;

7 (2) interest on the amount under Subdivision (1) at a  
8 rate set by the board [~~executive committee~~];

9 (3) the state's reasonable expenses incurred in  
10 obtaining payment, including reasonable attorney's fees; and

11 (4) a penalty as established by the board [~~executive  
12 committee~~] by rule to help ensure compliance with the contract.

13 SECTION 44. Section 487.556, Government Code, is amended to  
14 read as follows:

15 Sec. 487.556. POWERS AND DUTIES OF OFFICE. (a) The board  
16 [~~executive committee~~] shall adopt rules necessary for the  
17 administration of this subchapter, including guidelines for:

18 (1) developing contracts under which loan  
19 reimbursement or stipend recipients provide services to qualifying  
20 communities;

21 (2) identifying the duties of the state, state agency,  
22 loan reimbursement or stipend recipient, and medically underserved  
23 community under the loan reimbursement or stipend contract;

24 (3) determining a rate of interest to be charged under  
25 Section 487.555(e)(2);

26 (4) ensuring that a loan reimbursement or stipend  
27 recipient provides access to health services to participants in

1 government-funded health benefits programs in qualifying  
2 communities;

3 (5) encouraging the use of telecommunications or  
4 telemedicine, as appropriate;

5 (6) prioritizing the provision of loan reimbursements  
6 and stipends to health professionals who are not eligible for any  
7 other state loan forgiveness, loan repayment, or stipend program;

8 (7) prioritizing the provision of loan reimbursements  
9 and stipends to health professionals who are graduates of health  
10 professional degree programs in this state;

11 (8) encouraging a medically underserved community  
12 served by a loan reimbursement or stipend recipient to contribute  
13 to the cost of the loan reimbursement or stipend when making a  
14 contribution is feasible; and

15 (9) requiring a medically underserved community  
16 served by a loan reimbursement or stipend recipient to assist the  
17 office in contracting with the loan reimbursement or stipend  
18 recipient who will serve that community.

19 (b) The board [~~executive committee~~] by rule may designate  
20 areas of the state as medically underserved communities.

21 (c) The board [~~executive committee~~] shall make reasonable  
22 efforts to contract with health professionals from a variety of  
23 different health professions.

24 SECTION 45. Section 487.608(a), Government Code, is amended  
25 to read as follows:

26 (a) The rural physician relief advisory committee is  
27 composed of the following members appointed by the board [~~executive~~

1 ~~committee~~]:

2 (1) a physician who practices in the area of general  
3 family medicine in a rural county;

4 (2) a physician who practices in the area of general  
5 internal medicine in a rural county;

6 (3) a physician who practices in the area of general  
7 pediatrics in a rural county;

8 (4) a representative from an accredited Texas medical  
9 school;

10 (5) a program director from an accredited primary care  
11 residency program;

12 (6) a representative from the Texas Higher Education  
13 Coordinating Board; and

14 (7) a representative from the Texas [~~State Board of~~  
15 Medical Board ~~Examiners~~].

16 SECTION 46. Section 110.003(a), Health and Safety Code, is  
17 amended to read as follows:

18 (a) The Rural Foundation is governed by a board of five  
19 directors appointed by the board [~~executive committee~~] of the  
20 Office of Rural Community Affairs from individuals recommended by  
21 the executive director of the Office of Rural Community Affairs.

22 SECTION 47. Section 110.010, Health and Safety Code, is  
23 amended to read as follows:

24 Sec. 110.010. MEMORANDUM OF UNDERSTANDING. The Rural  
25 Foundation and the Office of Rural Community Affairs shall enter  
26 into a memorandum of understanding that:

27 (1) requires the board of directors and staff of the

1 foundation to report to the executive director and board [~~executive~~  
2 ~~committee~~] of the Office of Rural Community Affairs;

3 (2) allows the Office of Rural Community Affairs to  
4 provide staff functions to the foundation;

5 (3) allows the Office of Rural Community Affairs to  
6 expend funds on the foundation; and

7 (4) outlines the financial contributions to be made to  
8 the foundation from funds obtained from grants and other sources.

9 SECTION 48. (a) The nine members of the executive committee  
10 of the Office of Rural Community Affairs who are serving  
11 immediately before September 1, 2007, continue to serve as members  
12 of the governing board of the office on and after that date  
13 regardless of whether those members meet the membership  
14 requirements prescribed by Subchapter B, Chapter 487, Government  
15 Code, as amended by this Act. However, the positions of those nine  
16 members are abolished on the date on which a majority of the 11  
17 board membership positions that are created under Section 487.021,  
18 Government Code, as amended by this Act, are filled and the  
19 appointees qualify for office.

20 (b) The governor shall make the 10 appointments to the board  
21 under Section 487.021, Government Code, as amended by this Act, as  
22 soon as possible on or after September 1, 2007. In making the  
23 initial appointments, the governor shall designate three members  
24 for terms expiring February 1, 2009, three members for terms  
25 expiring February 1, 2011, and four members for terms expiring  
26 February 1, 2013. Any person who served as a member of the  
27 executive committee before September 1, 2007, may be appointed to

1 the board.

2 SECTION 49. This Act takes effect immediately if it  
3 receives a vote of two-thirds of all the members elected to each  
4 house, as provided by Section 39, Article III, Texas Constitution.  
5 If this Act does not receive the vote necessary for immediate  
6 effect, this Act takes effect September 1, 2007.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 2542 was passed by the House on May 7, 2007, by the following vote: Yeas 145, Nays 0, 1 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 2542 on May 24, 2007, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 2542 on May 27, 2007, by the following vote: Yeas 147, Nays 0, 2 present, not voting.

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Chief Clerk of the House

H.B. No. 2542

I certify that H.B. No. 2542 was passed by the Senate, with amendments, on May 21, 2007, by the following vote: Yeas 30, Nays 1; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 2542 on May 26, 2007, by the following vote: Yeas 30, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor