

1-1 By: Kolkhorst, et al. (Senate Sponsor - Estes) H.B. No. 2542
1-2 (In the Senate - Received from the House May 8, 2007;
1-3 May 10, 2007, read first time and referred to Committee on
1-4 Government Organization; May 17, 2007, reported favorably by the
1-5 following vote: Yeas 4, Nays 0; May 17, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the continuation and functions of the Office of Rural
1-9 Community Affairs.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Section 487.001(1), Government Code, is amended
1-12 to read as follows:

1-13 (1) "Board" ["Executive committee"] means the board
1-14 [executive committee] of the Office of Rural Community Affairs.

1-15 SECTION 2. Section 487.002, Government Code, is amended to
1-16 read as follows:

1-17 Sec. 487.002. SUNSET PROVISION. The Office of Rural
1-18 Community Affairs is subject to Chapter 325 (Texas Sunset Act).
1-19 Unless continued in existence as provided by that chapter, the
1-20 office is abolished and this chapter expires September 1, 2015
1-21 ~~[2007]~~.

1-22 SECTION 3. Section 487.021, Government Code, is amended to
1-23 read as follows:

1-24 Sec. 487.021. BOARD [EXECUTIVE COMMITTEE]. (a) The board
1-25 [executive committee] is the governing body of the office.

1-26 (b) The board [executive committee] is composed of the
1-27 following 11 [nine] members:

1-28 (1) four [three] members who represent different
1-29 geographic regions of the state appointed by the governor,
1-30 including:

1-31 (A) two locally elected rural city or county
1-32 officials or city or county employees involved with rural
1-33 development; and

1-34 (B) two public members each of whom resides in a
1-35 rural city or county;

1-36 (2) three members appointed by the lieutenant
1-37 governor, including:

1-38 (A) one senator who resides in a rural city or
1-39 county; and

1-40 (B) two public members each of whom resides in a
1-41 rural city or county and is interested in rural issues; [and]

1-42 (3) three members appointed by the speaker of the
1-43 house of representatives, including:

1-44 (A) one member of the house of representatives
1-45 who resides in a rural city or county; and

1-46 (B) two public members each of whom resides in a
1-47 rural city or county and is interested in rural issues; and

1-48 (4) the commissioner of agriculture or the
1-49 commissioner's designee.

1-50 (b-1) The two board members who are members of the
1-51 legislature are nonvoting members.

1-52 (c) In this section, "rural city or county" means a rural
1-53 city or county as defined by the federal community development
1-54 block grant nonentitlement program. [The governor, the lieutenant
1-55 governor, and the speaker of the house of representatives shall
1-56 each appoint at least two members who possess a strong
1-57 understanding of and commitment to rural interests based on the
1-58 individual's personal history, including residency, occupation,
1-59 and business or civic activities.]

1-60 (d) Appointments to the board [executive committee] shall
1-61 be made without regard to the race, color, disability, sex,
1-62 religion, age, or national origin of the appointees.

1-63 (e) The members of the board who are not serving as an
1-64 additional duty of an office in state government [executive

2-1 ~~committee~~] serve for staggered six-year terms, with the terms of
 2-2 two or three members expiring February 1 of each odd-numbered year.
 2-3 A member of the legislature serves at the will of the appointing
 2-4 authority.

2-5 (f) Board [~~Executive committee~~] members receive no
 2-6 compensation but are entitled to reimbursement of actual and
 2-7 necessary expenses incurred in the performance of their duties.

2-8 (g) The governor shall designate a member [~~The members~~] of
 2-9 the board as the [~~executive committee annually shall elect a~~]
 2-10 presiding officer [~~from among the members~~] of the board to serve in
 2-11 that capacity at the will of the governor [~~executive committee~~].

2-12 (h) Service on the board by a member of the legislature, the
 2-13 commissioner of agriculture, or an officer of a county or
 2-14 municipality is an additional duty of the individual's office.

2-15 SECTION 4. Sections 487.022(b) and (c), Government Code,
 2-16 are amended to read as follows:

2-17 (b) A person may not be a member of the board [~~executive~~
 2-18 ~~committee~~] and may not be an office employee employed in a "bona
 2-19 fide executive, administrative, or professional capacity," as that
 2-20 phrase is used for purposes of establishing an exemption to the
 2-21 overtime provisions of the federal Fair Labor Standards Act of 1938
 2-22 (29 U.S.C. Section 201 et seq.) and its subsequent amendments, if:

2-23 (1) the person is an officer, employee, or paid
 2-24 consultant of a Texas trade association in the field of rural
 2-25 affairs; or

2-26 (2) the person's spouse is an officer, manager, or paid
 2-27 consultant of a Texas trade association in the field of rural
 2-28 affairs.

2-29 (c) A person may not be a member of the board [~~executive~~
 2-30 ~~committee~~] or act as the general counsel to the board [~~executive~~
 2-31 ~~committee~~] or the office if the person is required to register as a
 2-32 lobbyist under Chapter 305 because of the person's activities for
 2-33 compensation on behalf of a profession related to the operation of
 2-34 the office.

2-35 SECTION 5. Sections 487.023 through 487.027, Government
 2-36 Code, are amended to read as follows:

2-37 Sec. 487.023. TRAINING FOR MEMBERS OF BOARD [~~EXECUTIVE~~
 2-38 ~~COMMITTEE~~]. (a) A person who is appointed to and qualifies for
 2-39 office as a member of the board [~~executive committee~~] may not vote,
 2-40 deliberate, or be counted as a member in attendance at a meeting of
 2-41 the board [~~executive committee~~] until the person completes a
 2-42 training program that complies with this section.

2-43 (b) The training program must provide the person with
 2-44 information regarding:

2-45 (1) the legislation that created the office [~~and the~~
 2-46 ~~executive committee~~];

2-47 (2) the programs, [~~operated by the office,~~
 2-48 [~~(3) the role and~~] functions, [~~of the office,~~
 2-49 [~~(4) the~~] rules, [~~of the office, with an emphasis on~~
 2-50 ~~any rules that relate to disciplinary~~] and [~~investigatory~~
 2-51 ~~authority,~~

2-52 [~~(5) the current~~] budget of [~~for~~] the office;
 2-53 (3) [~~(6)~~] the results of the most recent formal audit
 2-54 of the office;

2-55 (4) [~~(7)~~] the requirements of laws relating to [~~+~~
 2-56 [~~(A) the~~] open meetings [~~law~~], [~~Chapter 551,~~
 2-57 [~~(B) the~~] public information [~~law~~], [~~Chapter~~
 2-58 ~~552,~~

2-59 [~~(C) the~~] administrative procedure [~~law~~],
 2-60 [~~Chapter 2001,~~] and conflicts of interest
 2-61 [~~(D) other laws relating to public officials,~~
 2-62 ~~including conflict-of-interest laws~~]; and

2-63 (5) [~~(8)~~] any applicable ethics policies adopted by
 2-64 the office [~~executive committee~~] or the Texas Ethics Commission.

2-65 (c) A person appointed to the board [~~executive committee~~] is
 2-66 entitled to reimbursement, as provided by [~~general law and~~] the
 2-67 General Appropriations Act, for the travel expenses incurred in
 2-68 attending the training program regardless of whether the attendance
 2-69 at the program occurs before or after the person qualifies for

3-1 office.

3-2 Sec. 487.024. REMOVAL. (a) It is a ground for removal from
3-3 the board [~~executive committee~~] that a member:

3-4 (1) does not have at the time of taking office the
3-5 qualifications required by Section 487.021;

3-6 (2) does not maintain during service on the board
3-7 [~~executive committee~~] the qualifications required by Section
3-8 487.021;

3-9 (3) is ineligible for membership under Section
3-10 487.022;

3-11 (4) cannot, because of illness or disability,
3-12 discharge the member's duties for a substantial part of the member's
3-13 term; or

3-14 (5) is absent from more than half of the regularly
3-15 scheduled board [~~executive committee~~] meetings that the member is
3-16 eligible to attend during a calendar year without an excuse
3-17 approved by a majority vote of the board [~~executive committee~~].

3-18 (b) The validity of an action of the board [~~executive~~
3-19 ~~committee~~] is not affected by the fact that it is taken when a
3-20 ground for removal of a board [~~an executive committee~~] member
3-21 exists.

3-22 (c) If the executive director has knowledge that a potential
3-23 ground for removal exists, the executive director shall notify the
3-24 presiding officer of the board [~~executive committee~~] of the
3-25 potential ground. The presiding officer shall then notify the
3-26 appointing authority [~~governor~~] and the attorney general that a
3-27 potential ground for removal exists. If the potential ground for
3-28 removal involves the presiding officer, the executive director
3-29 shall notify the next highest ranking officer of the board
3-30 [~~executive committee~~], who shall then notify the appointing
3-31 authority [~~governor~~] and the attorney general that a potential
3-32 ground for removal exists.

3-33 Sec. 487.025. DIVISION OF RESPONSIBILITY. The board
3-34 [~~executive committee~~] shall develop and implement policies that
3-35 clearly separate the policy-making responsibilities of the board
3-36 [~~executive committee~~] and the management responsibilities of the
3-37 executive director and staff of the office.

3-38 Sec. 487.026. EXECUTIVE DIRECTOR. (a) The board
3-39 [~~executive committee~~] may hire an executive director to serve as
3-40 the chief executive officer of the office and to perform the
3-41 administrative duties of the office.

3-42 (b) The executive director serves at the will of the board
3-43 [~~executive committee~~].

3-44 (c) The executive director may hire staff within guidelines
3-45 established by the board [~~executive committee~~].

3-46 Sec. 487.027. PUBLIC HEARINGS. The board [~~executive~~
3-47 ~~committee~~] shall develop and implement policies that provide the
3-48 public with a reasonable opportunity to appear before the board
3-49 [~~executive committee~~] and to speak on any issue under the
3-50 jurisdiction of the office.

3-51 SECTION 6. Section 487.029, Government Code, is amended to
3-52 read as follows:

3-53 Sec. 487.029. STANDARDS OF CONDUCT. The executive director
3-54 or the executive director's designee shall provide to members of
3-55 the board [~~executive committee~~] and to agency employees, as often
3-56 as necessary, information regarding the requirements for office or
3-57 employment under this chapter, including information regarding a
3-58 person's responsibilities under applicable laws relating to
3-59 standards of conduct for state officers or employees.

3-60 SECTION 7. Section 487.030, Government Code, is amended to
3-61 read as follows:

3-62 Sec. 487.030. COMPLAINTS. (a) The office shall maintain a
3-63 system to promptly and efficiently act on complaints [~~file on each~~
3-64 ~~written complaint~~] filed with the office. The office shall
3-65 maintain information about parties to the complaint, the subject
3-66 matter of the complaint, a summary of the results of the review or
3-67 investigation of the complaint, and its disposition [~~The file must~~
3-68 ~~include:~~

3-69 [~~(1) the name of the person who filed the complaint,~~

4-1 ~~[(2) the date the complaint is received by the office,~~
 4-2 ~~[(3) the subject matter of the complaint,~~
 4-3 ~~[(4) the name of each person contacted in relation to~~
 4-4 ~~the complaint,~~
 4-5 ~~[(5) a summary of the results of the review or~~
 4-6 ~~investigation of the complaint, and~~
 4-7 ~~[(6) an explanation of the reason the file was closed,~~
 4-8 ~~if the office closed the file without taking action other than to~~
 4-9 ~~investigate the complaint].~~

4-10 (b) The office shall make information available describing
 4-11 its [provide to the person filing the complaint and to each person
 4-12 who is a subject of the complaint a copy of the office's policies
 4-13 and] procedures for [relating to] complaint investigation and
 4-14 resolution.

4-15 (c) The office ~~[, at least quarterly until final disposition~~
 4-16 ~~of the complaint,] shall periodically notify the complaint parties~~
 4-17 ~~[person filing the complaint and each person who is a subject of the~~
 4-18 ~~complaint] of the status of the complaint until final disposition~~
 4-19 ~~[investigation unless the notice would jeopardize an undercover~~
 4-20 ~~investigation].~~

4-21 SECTION 8. Subchapter B, Chapter 487, Government Code, is
 4-22 amended by adding Sections 487.031 and 487.032 to read as follows:

4-23 Sec. 487.031. USE OF TECHNOLOGY. The board shall implement
 4-24 a policy requiring the office to use appropriate technological
 4-25 solutions to improve the office's ability to perform its functions.
 4-26 The policy must ensure that the public is able to interact with the
 4-27 office on the Internet.

4-28 Sec. 487.032. NEGOTIATED RULEMAKING AND ALTERNATIVE
 4-29 DISPUTE RESOLUTION PROCEDURES. (a) The board shall develop and
 4-30 implement a policy to encourage the use of:

4-31 (1) negotiated rulemaking procedures under Chapter
 4-32 2008 for the adoption of office rules; and

4-33 (2) appropriate alternative dispute resolution
 4-34 procedures under Chapter 2009 to assist in the resolution of
 4-35 internal and external disputes under the office's jurisdiction.

4-36 (b) The office's procedures relating to alternative dispute
 4-37 resolution must conform, to the extent possible, to any model
 4-38 guidelines issued by the State Office of Administrative Hearings
 4-39 for the use of alternative dispute resolution by state agencies.

4-40 (c) The board shall designate a trained person to:

4-41 (1) coordinate the implementation of the policy
 4-42 adopted under Subsection (a);

4-43 (2) serve as a resource for any training needed to
 4-44 implement the procedures for negotiated rulemaking or alternative
 4-45 dispute resolution; and

4-46 (3) collect data concerning the effectiveness of those
 4-47 procedures, as implemented by the office.

4-48 SECTION 9. Section 487.051, Government Code, is amended to
 4-49 read as follows:

4-50 Sec. 487.051. POWERS AND DUTIES. (a) The office shall:

4-51 (1) assist rural communities in the key areas of
 4-52 economic development, community development, rural health, and
 4-53 rural housing [develop a rural policy for the state in consultation
 4-54 with local leaders representing all facets of rural community life,
 4-55 academic and industry experts, and state elected and appointed
 4-56 officials with interests in rural communities];

4-57 (2) serve as a clearinghouse for information and
 4-58 resources on all state and federal programs affecting rural
 4-59 communities [work with other state agencies and officials to
 4-60 improve the results and the cost-effectiveness of state programs
 4-61 affecting rural communities through coordination of efforts];

4-62 (3) in consultation with rural community leaders,
 4-63 locally elected officials, state elected and appointed officials,
 4-64 academic and industry experts, and the interagency work group
 4-65 created under this chapter, identify and prioritize policy issues
 4-66 and concerns affecting rural communities in the state [develop
 4-67 programs to improve the leadership capacity of rural community
 4-68 leaders];

4-69 (4) make recommendations to the legislature to address

5-1 the concerns affecting rural communities identified under
5-2 Subdivision (3);

5-3 (5) monitor developments that have a substantial
5-4 effect on rural Texas communities, especially actions of state
5-5 government, and compile an annual report describing and evaluating
5-6 the condition of rural communities;

5-7 (6) ~~[(5)]~~ administer the federal community
5-8 development block grant nonentitlement program;

5-9 (7) ~~[(6)]~~ administer programs supporting rural health
5-10 care as provided by this chapter;

5-11 (8) ~~[(7)]~~ perform research to determine the most
5-12 beneficial and cost-effective ways to improve the welfare of rural
5-13 communities;

5-14 (9) ~~[(8)]~~ ensure that the office qualifies as the
5-15 state's office of rural health for the purpose of receiving grants
5-16 from the Office of Rural Health Policy of the United States
5-17 Department of Health and Human Services under 42 U.S.C. Section
5-18 254r;

5-19 (10) ~~[(9)]~~ manage the state's Medicare rural hospital
5-20 flexibility program under 42 U.S.C. Section 1395i-4; ~~[and]~~

5-21 (11) ~~[(10)]~~ seek state and federal money available for
5-22 economic development in rural areas for programs under this
5-23 chapter; and

5-24 (12) in conjunction with the Department of
5-25 Agriculture, regularly cross-train office employees with employees
5-26 of the Department of Agriculture regarding the programs
5-27 administered and services provided by each agency to rural
5-28 communities.

5-29 (b) The office may require office employees who work at
5-30 locations other than the central office to be based in Department of
5-31 Agriculture offices.

5-32 SECTION 10. Section 487.052, Government Code, is amended to
5-33 read as follows:

5-34 Sec. 487.052. RULES. The board ~~[executive committee]~~ may
5-35 adopt rules as necessary to implement this chapter.

5-36 SECTION 11. Section 487.053(b), Government Code, is amended
5-37 to read as follows:

5-38 (b) All gifts, grants, and donations must be accepted in an
5-39 open meeting by a majority of the voting members of the board
5-40 ~~[executive committee]~~ and reported in the public record of the
5-41 meeting with the name of the donor and purpose of the gift, grant,
5-42 or donation.

5-43 SECTION 12. Section 487.054(b), Government Code, is amended
5-44 to read as follows:

5-45 (b) The board ~~[executive committee]~~ shall call the annual
5-46 meeting. The board ~~[executive committee]~~ shall set the time and
5-47 date of the meeting after consulting with the agency heads listed in
5-48 Subsection (a).

5-49 SECTION 13. Section 487.055, Government Code, is amended to
5-50 read as follows:

5-51 Sec. 487.055. ADVISORY COMMITTEES. The board ~~[executive~~
5-52 ~~committee]~~ may appoint advisory committees as necessary to assist
5-53 the board ~~[executive committee]~~ in performing its duties. An
5-54 advisory committee may be composed of private citizens and
5-55 representatives from state and local governmental entities. A
5-56 state or local governmental entity shall appoint a representative
5-57 to an advisory committee at the request of the board ~~[executive~~
5-58 ~~committee]~~. Chapter 2110 does not apply to an advisory committee
5-59 created under this section.

5-60 SECTION 14. Section 487.056, Government Code, is amended by
5-61 adding Subsection (c) to read as follows:

5-62 (c) The office shall obtain information on the availability
5-63 of housing in rural communities throughout the state for all income
5-64 levels. The office shall include the information, and the office's
5-65 assessment of the information, in the office's report to the
5-66 legislature.

5-67 SECTION 15. Section 487.057(b), Government Code, is amended
5-68 to read as follows:

5-69 (b) The office shall submit the rural health work plan to

6-1 the board [~~executive committee~~] for approval. The board [~~executive~~
6-2 ~~committee~~] shall approve the rural health work plan not later than
6-3 August 1 of each odd-numbered year.

6-4 SECTION 16. Sections 487.059(b), (c), (e), (f), and (g),
6-5 Government Code, are amended to read as follows:

6-6 (b) If a member of the board [~~executive committee~~] or a
6-7 [~~another~~] committee established under this chapter, including an
6-8 advisory committee, has a financial interest in an entity that
6-9 applies for a monetary award, the board or committee member shall,
6-10 before a vote on the monetary award, disclose the fact of the board
6-11 or committee member's financial interest. The board or committee
6-12 shall enter the disclosure into the minutes of the meeting at which
6-13 a vote on the monetary award is taken. The board or committee
6-14 member may not vote on or otherwise participate in a discussion or
6-15 any other activity that relates to awarding the monetary award. If
6-16 the board or committee member does not comply with this subsection,
6-17 the entity is not eligible for the monetary award.

6-18 (c) If the executive director or another office employee has
6-19 a financial interest in an entity that applies for a monetary award,
6-20 the executive director or employee:

6-21 (1) shall, as soon as possible, disclose to the board
6-22 [~~executive committee~~] the fact of the director's or employee's
6-23 financial interest;

6-24 (2) may not participate in staff evaluations regarding
6-25 the monetary award; and

6-26 (3) if the executive director or employee under office
6-27 procedures may [~~has a~~] vote, or make a recommendation concerning a
6-28 vote, on a matter that involves the monetary award:

6-29 (A) shall disclose the fact of the director's or
6-30 employee's financial interest before a vote on the monetary award,
6-31 which the board or committee shall enter into the minutes of the
6-32 meeting at which a vote on the monetary award is taken; and

6-33 (B) may not vote on or otherwise participate in a
6-34 discussion or any other activity that relates to awarding the
6-35 monetary award.

6-36 (e) Subsections (f) and (g) apply only to a member of the
6-37 board or a [~~executive~~] committee who is employed by:

6-38 (1) an entity that offers to enter into a contract with
6-39 the office; or

6-40 (2) an entity that is under common ownership or
6-41 governance with or otherwise affiliated with an entity that applies
6-42 for a monetary award or offers to enter into a contract with the
6-43 office.

6-44 (f) The board or [~~executive~~] committee member shall, before
6-45 a vote on the monetary award or contract, disclose the fact of the
6-46 member's employment by the entity. The board or [~~executive~~]
6-47 committee shall enter the disclosure into the minutes of the
6-48 meeting at which a vote on the monetary award or contract is taken.
6-49 The board or [~~executive~~] committee member may not vote on or
6-50 otherwise participate in a discussion or any other activity that
6-51 relates to awarding the monetary award or contract.

6-52 (g) If the board or [~~executive~~] committee member does not
6-53 comply with Subsection (f), the entity is not eligible to be awarded
6-54 the monetary award or contract.

6-55 SECTION 17. Sections 487.103(a), (b), and (c), Government
6-56 Code, are amended to read as follows:

6-57 (a) The selection committee shall advise the board
6-58 [~~executive committee~~] on the progress of the program.

6-59 (b) The selection committee is composed of 12 members
6-60 appointed by the board [~~executive committee~~].

6-61 (c) The board [~~executive committee~~] shall consider
6-62 geographical representation in making appointments to the
6-63 selection committee.

6-64 SECTION 18. Sections 487.104(b) and (d), Government Code,
6-65 are amended to read as follows:

6-66 (b) The selection committee shall make selections based on
6-67 criteria approved by the board [~~executive committee~~] and adopted as
6-68 a rule of the office.

6-69 (d) The selection committee shall recommend to the board

7-1 [~~executive committee~~] guidelines to be used by rural communities in
7-2 the selection of students for nomination and sponsorship as
7-3 outstanding rural scholars.

7-4 SECTION 19. Section 487.107, Government Code, is amended to
7-5 read as follows:

7-6 Sec. 487.107. AWARDING OF LOANS. (a) The selection
7-7 committee shall recommend to the board [~~executive committee~~]
7-8 guidelines for the awarding of forgivable loans to outstanding
7-9 rural scholars.

7-10 (b) The board [~~executive committee~~], acting on the advice of
7-11 the selection committee, shall award forgivable loans to
7-12 outstanding rural scholars based on the availability of money in
7-13 the fund.

7-14 (c) If in any year the fund is inadequate to provide loans to
7-15 all eligible applicants, the board [~~executive committee~~] shall
7-16 award forgivable loans on a priority basis according to the
7-17 applicants' academic performance, test scores, and other criteria
7-18 of eligibility.

7-19 SECTION 20. Section 487.108(a), Government Code, is amended
7-20 to read as follows:

7-21 (a) On confirmation of an outstanding rural scholar's
7-22 admission to a postsecondary educational institution, or on receipt
7-23 of an enrollment report of the scholar at a postsecondary
7-24 educational institution, and a certification of the amount of
7-25 financial support needed, the selection committee annually shall
7-26 recommend to the board [~~executive committee~~] that the board
7-27 [~~committee~~] award a forgivable loan to the scholar in the amount of
7-28 50 percent of the cost of the scholar's tuition, fees, educational
7-29 materials, and living expenses.

7-30 SECTION 21. Sections 487.109(b), (c), and (d), Government
7-31 Code, are amended to read as follows:

7-32 (b) The sponsoring community shall report to the board
7-33 [~~executive committee~~] the length of time the scholar practices as a
7-34 health care professional in the community.

7-35 (c) If the board [~~executive committee~~] finds that a
7-36 sponsoring community is not in need of the scholar's services and
7-37 that the community is willing to forgive repayment of the principal
7-38 balance and interest of the scholar's loan, the board [~~executive~~
7-39 ~~committee~~] by rule may provide for the principal balance and
7-40 interest of one year of the scholar's loan to be forgiven for each
7-41 year the scholar practices in another rural community in this
7-42 state.

7-43 (d) Any amount of loan principal or interest that is not
7-44 forgiven under this section shall be repaid to the office with
7-45 reasonable collection fees in a timely manner as provided by board
7-46 [~~executive committee~~] rule.

7-47 SECTION 22. Section 487.112, Government Code, is amended to
7-48 read as follows:

7-49 Sec. 487.112. ADOPTION AND DISTRIBUTION OF RULES. (a) The
7-50 board [~~executive committee~~] shall adopt reasonable rules to enforce
7-51 the requirements, conditions, and limitations under this
7-52 subchapter.

7-53 (b) The board [~~executive committee~~] shall set the rate of
7-54 interest charged on a forgivable loan under this subchapter.

7-55 (c) The board [~~executive committee~~] shall adopt rules
7-56 necessary to ensure compliance with the federal Civil Rights Act of
7-57 1964 (42 U.S.C. Section 2000a et seq.) concerning nondiscrimination
7-58 in admissions.

7-59 SECTION 23. Section 487.154, Government Code, is amended to
7-60 read as follows:

7-61 Sec. 487.154. LOANS. (a) The board [~~executive committee~~]
7-62 may award forgivable educational loans to eligible students under
7-63 this subchapter.

7-64 (b) The board [~~executive committee~~] may award forgivable
7-65 loans to eligible students based on the availability of money in the
7-66 fund.

7-67 (c) If in any year the fund is inadequate to provide loans to
7-68 all eligible students, the board [~~executive committee~~] may award
7-69 forgivable loans on a priority basis according to the students'

8-1 academic performance, test scores, and other criteria of
8-2 eligibility.

8-3 SECTION 24. Section 487.155(a), Government Code, is amended
8-4 to read as follows:

8-5 (a) To be eligible to receive a loan under this subchapter,
8-6 a student must:

8-7 (1) be sponsored by an eligible community;

8-8 (2) at the time of the application for the loan, be
8-9 enrolled in high school or enrolled or accepted for enrollment in a
8-10 postsecondary educational institution in this state;

8-11 (3) meet academic requirements as established by the
8-12 board [~~executive committee~~];

8-13 (4) plan to complete a health care professional degree
8-14 or certificate program;

8-15 (5) plan to practice as a health care professional in a
8-16 qualified area of the state; and

8-17 (6) meet other requirements as established by the
8-18 board [~~executive committee~~].

8-19 SECTION 25. Section 487.156(c), Government Code, is amended
8-20 to read as follows:

8-21 (c) The board [~~executive committee~~] shall determine the
8-22 percentage of educational expenses communities are required to
8-23 provide under this section.

8-24 SECTION 26. Section 487.157(a), Government Code, is amended
8-25 to read as follows:

8-26 (a) On confirmation of an eligible student's admission to a
8-27 postsecondary educational institution, or on receipt of an
8-28 enrollment report of the student at a postsecondary educational
8-29 institution, and certification of the amount of financial support
8-30 needed, the board [~~executive committee~~] may award a forgivable loan
8-31 to the student in the amount of not more than the cost of the
8-32 student's tuition, fees, educational materials, and living
8-33 expenses.

8-34 SECTION 27. Section 487.158(b), Government Code, is amended
8-35 to read as follows:

8-36 (b) The contract must provide that if the student does not
8-37 provide the required services to the community or provides those
8-38 services for less than the required time, the student is personally
8-39 liable to the state for:

8-40 (1) the total amount of assistance the student
8-41 receives from the office and the sponsoring community;

8-42 (2) interest on the total amount at a rate set by the
8-43 board [~~executive committee~~]; and

8-44 (3) the state's reasonable expenses incurred in
8-45 obtaining payment, including reasonable attorney's fees.

8-46 SECTION 28. Section 487.159(b), Government Code, is amended
8-47 to read as follows:

8-48 (b) If the board [~~executive committee~~] finds that a
8-49 sponsoring community is not in need of the student's services and
8-50 that the community is willing to forgive repayment of the principal
8-51 balance and interest of the student's loan, the board [~~executive
8-52 committee~~] by rule may provide for the principal balance and
8-53 interest of the student's loan to be forgiven if the student
8-54 provides services in another qualified area in this state.

8-55 SECTION 29. Sections 487.161(b) and (c), Government Code,
8-56 are amended to read as follows:

8-57 (b) The sponsoring community shall report to the board
8-58 [~~executive committee~~] the length of time the student provides
8-59 health care services in the community in accordance with the
8-60 guidelines established by the board [~~executive committee~~].

8-61 (c) A postsecondary educational institution shall provide
8-62 to the board [~~executive committee~~] a copy of the academic
8-63 transcript of each student for whom the institution has received a
8-64 release that complies with state and federal open records laws and
8-65 that authorizes the provision of the transcript.

8-66 SECTION 30. Section 487.163, Government Code, is amended to
8-67 read as follows:

8-68 Sec. 487.163. ADOPTION OF RULES. (a) The board [~~executive
8-69 committee~~] shall adopt reasonable rules to enforce the

9-1 requirements, conditions, and limitations of this subchapter.

9-2 (b) The board [~~executive committee~~] shall set the rate of
9-3 interest charged on a forgivable loan under this subchapter.

9-4 (c) The board [~~executive committee~~] shall adopt rules
9-5 necessary to ensure compliance with the federal Civil Rights Act of
9-6 1964 (42 U.S.C. Section 2000a et seq.) concerning nondiscrimination
9-7 in admissions.

9-8 SECTION 31. Sections 487.202, 487.203, and 487.204,
9-9 Government Code, are amended to read as follows:

9-10 Sec. 487.202. PROGRAM. (a) The board [~~executive
9-11 committee~~] shall establish and administer a program under this
9-12 subchapter to increase the number of physicians providing primary
9-13 care in medically underserved communities.

9-14 (b) A medically underserved community may sponsor a
9-15 physician who has completed a primary care residency program and
9-16 has agreed to provide primary care in the community by contributing
9-17 start-up money for the physician and having that contribution
9-18 matched wholly or partly by state money appropriated to the office
9-19 [~~executive committee~~] for that purpose.

9-20 (c) A participating medically underserved community may
9-21 provide start-up money to an eligible physician over a two-year
9-22 period.

9-23 (d) The office [~~executive committee~~] may not pay more than
9-24 \$25,000 to a community in a fiscal year unless the board [~~executive
9-25 committee~~] makes a specific finding of need by the community.

9-26 (e) The board [~~executive committee~~] shall establish
9-27 priorities so that the neediest communities eligible for assistance
9-28 under this subchapter are assured the receipt of a grant.

9-29 Sec. 487.203. ELIGIBILITY. To be eligible to receive money
9-30 from the office [~~executive committee~~], a medically underserved
9-31 community must:

- 9-32 (1) apply for the money; and
- 9-33 (2) provide evidence satisfactory to the board
9-34 [~~executive committee~~] that it has entered into an agreement with a
9-35 physician for the physician to provide primary care in the
9-36 community for at least two years.

9-37 Sec. 487.204. RULES. The board [~~executive committee~~] shall
9-38 adopt rules necessary for the administration of this subchapter,
9-39 including rules addressing:

- 9-40 (1) eligibility criteria for a medically underserved
9-41 community;
- 9-42 (2) eligibility criteria for a physician;
- 9-43 (3) minimum and maximum community contributions to the
9-44 start-up money for a physician to be matched with state money;
- 9-45 (4) conditions under which state money must be repaid
9-46 by a community or physician;
- 9-47 (5) procedures for disbursement of money by the office
9-48 [~~executive committee~~];
- 9-49 (6) the form and manner in which a community must make
9-50 its contribution to the start-up money; and
- 9-51 (7) the contents of an agreement to be entered into by
9-52 the parties, which must include at least:
 - 9-53 (A) a credit check for an eligible physician; and
 - 9-54 (B) community retention of interest in any
9-55 property, equipment, or durable goods for seven years.

9-56 SECTION 32. Section 487.252, Government Code, is amended to
9-57 read as follows:

9-58 Sec. 487.252. TEXAS HEALTH SERVICE CORPS PROGRAM. (a) The
9-59 board [~~executive committee~~] shall establish a program in the office
9-60 to assist communities in recruiting and retaining physicians to
9-61 practice in medically underserved areas.

9-62 (b) The board [~~executive committee~~] by rule shall
9-63 establish:

- 9-64 (1) eligibility criteria for applicants;
- 9-65 (2) stipend application procedures;
- 9-66 (3) guidelines relating to stipend amounts;
- 9-67 (4) procedures for evaluating stipend applications;
- 9-68 and
- 9-69 (5) a system of priorities relating to the:

10-1 (A) geographic areas covered;
 10-2 (B) medical specialties eligible to receive
 10-3 funding under the program; and
 10-4 (C) level of stipend support.

10-5 SECTION 33. Section 487.253(a), Government Code, is amended
 10-6 to read as follows:

10-7 (a) The board [~~executive committee~~] shall adopt rules
 10-8 necessary to administer this subchapter, and the office shall
 10-9 administer the program in accordance with those rules.

10-10 SECTION 34. Section 487.351, Government Code, is amended by
 10-11 adding Subsection (c) to read as follows:

10-12 (c) The office shall give priority to eligible activities in
 10-13 the areas of economic development, community development, rural
 10-14 health, and rural housing to support workforce development in
 10-15 awarding funding for community development block grant programs.

10-16 SECTION 35. Subchapter I, Chapter 487, Government Code, is
 10-17 amended by adding Section 487.3515 to read as follows:

10-18 Sec. 487.3515. EVALUATION OF COMMUNITY DEVELOPMENT BLOCK
 10-19 GRANT PROGRAM. (a) The office, in consultation with the Department
 10-20 of Agriculture, shall review and evaluate the administration of the
 10-21 state's allocation of federal funds under the community development
 10-22 block grant nonentitlement program and, based on the results of the
 10-23 evaluation, streamline administration of the program and program
 10-24 requirements. The office shall, at a minimum, evaluate:

10-25 (1) combining program fund categories, within
 10-26 allowable limits provided by state statute, the General
 10-27 Appropriations Act, and federal law and regulations;

10-28 (2) simplifying the grant application and scoring
 10-29 process; and

10-30 (3) regularly reviewing and closing out aged
 10-31 contracts.

10-32 (b) The office shall implement program changes resulting
 10-33 from the evaluation that do not require statutory changes as soon as
 10-34 possible, but not later than the date the office publishes the next
 10-35 community development block grant nonentitlement program action
 10-36 plan.

10-37 (c) The office shall include the findings from the
 10-38 evaluation, program changes resulting from the evaluation, and any
 10-39 statutory changes needed to make additional changes in the agency's
 10-40 biennial report to the 81st Legislature.

10-41 (d) This section expires September 1, 2009.

10-42 SECTION 36. Section 487.353, Government Code, is amended by
 10-43 amending Subsections (i) and (j) and adding Subsections (k) and (l)
 10-44 to read as follows:

10-45 (i) The committee shall:

10-46 (1) consult with and advise the executive director on
 10-47 the administration and enforcement of the community development
 10-48 block grant program; and

10-49 (2) in consultation with the executive director and
 10-50 office staff, review and approve grant and loan [funding]
 10-51 applications and associated funding awards of eligible counties and
 10-52 municipalities and advise and assist the executive director
 10-53 regarding the allocation of program funds to those applicants.

10-54 (j) The committee may annually recommend to the executive
 10-55 director a formula for allocating funds to each geographic state
 10-56 planning region established by the governor under Chapter 391,
 10-57 Local Government Code. The formula must give preference to regions
 10-58 according to the regions' needs.

10-59 (k) An applicant for a grant, loan, or award under a
 10-60 community development block grant program may appeal a decision of
 10-61 the committee by filing a complaint with the board. The board shall
 10-62 hold a hearing on a complaint filed with the board under this
 10-63 subsection and render a decision.

10-64 (l) The committee is a governmental body for purposes of the
 10-65 open meetings law, Chapter 551.

10-66 SECTION 37. Section 487.401, Government Code, is amended to
 10-67 read as follows:

10-68 Sec. 487.401. ADMINISTRATION. (a) The board [~~executive~~
 10-69 ~~committee~~] shall adopt rules that establish a procedure for

11-1 designating a hospital as a rural hospital in order for the hospital
11-2 to qualify for federal funds under 42 C.F.R. Part 412.

11-3 (b) At the hospital's request, the office shall designate
11-4 the hospital as a rural hospital if the hospital meets the
11-5 requirements for a rural hospital under the board's [~~executive~~
11-6 ~~committee's~~] rules.

11-7 SECTION 38. Section 487.451(1), Government Code, is amended
11-8 to read as follows:

11-9 (1) "Health care professional" means:

- 11-10 (A) an advanced nurse practitioner;
- 11-11 (B) a dentist;
- 11-12 (C) a dental hygienist;
- 11-13 (D) a laboratory technician;
- 11-14 (E) a licensed vocational nurse;
- 11-15 (F) a licensed professional counselor;
- 11-16 (G) a medical radiological technologist;
- 11-17 (H) an occupational therapist;
- 11-18 (I) a pharmacist;
- 11-19 (J) a physical therapist;
- 11-20 (K) a physician;
- 11-21 (L) a physician assistant;
- 11-22 (M) a psychologist;
- 11-23 (N) a registered nurse;
- 11-24 (O) a social worker;
- 11-25 (P) a speech-language pathologist;
- 11-26 (Q) a veterinarian;
- 11-27 (R) a chiropractor; and
- 11-28 (S) another appropriate health care professional

11-29 identified by the board [~~executive committee~~].

11-30 SECTION 39. Section 487.452(a), Government Code, is amended
11-31 to read as follows:

11-32 (a) The board [~~executive committee~~], in collaboration with
11-33 Area Health Education Center Programs, shall establish a community
11-34 healthcare awareness and mentoring program for students to:

11-35 (1) identify high school students in rural and
11-36 underserved urban areas who are interested in serving those areas
11-37 as health care professionals;

11-38 (2) identify health care professionals in rural and
11-39 underserved urban areas to act as positive role models, mentors, or
11-40 reference resources for the interested high school students;

11-41 (3) introduce interested high school students to the
11-42 spectrum of professional health care careers through activities
11-43 such as health care camps and shadowing of health care
11-44 professionals;

11-45 (4) encourage a continued interest in service as
11-46 health care professionals in rural and underserved urban areas by
11-47 providing mentors and community resources for students
11-48 participating in training or educational programs to become health
11-49 care professionals; and

11-50 (5) provide continuing community-based support for
11-51 students during the period the students are attending training or
11-52 educational programs to become health care professionals,
11-53 including summer job opportunities and opportunities to mentor high
11-54 school students in the community.

11-55 SECTION 40. Section 487.454, Government Code, is amended to
11-56 read as follows:

11-57 Sec. 487.454. GRANTS; ELIGIBILITY. (a) Subject to
11-58 available funds, the board [~~executive committee~~] shall develop and
11-59 implement, as a component of the program, a grant program to support
11-60 employment opportunities in rural and underserved urban areas in
11-61 this state for students participating in training or educational
11-62 programs to become health care professionals.

11-63 (b) In awarding grants under the program, the board
11-64 [~~executive committee~~] shall give first priority to grants to
11-65 training or educational programs that provide internships to
11-66 students.

11-67 (c) To be eligible to receive a grant under the grant
11-68 program, a person must:

11-69 (1) apply for the grant on a form adopted by the board

12-1 [~~executive committee~~];

12-2 (2) be enrolled or intend to be enrolled in a training
12-3 or educational program to become a health care professional;

12-4 (3) commit to practice or work, after licensure as a
12-5 health care professional, for at least one year as a health care
12-6 professional in a rural or underserved urban area in this state; and

12-7 (4) comply fully with any practice or requirements
12-8 associated with any scholarship, loan, or other similar benefit
12-9 received by the student.

12-10 (d) As a condition of receiving a grant under the program
12-11 the student must agree to repay the amount of the grant, plus a
12-12 penalty in an amount established by rule of the board [~~executive~~
12-13 ~~committee~~] not to exceed two times the amount of the grant, if the
12-14 student becomes licensed as a health care professional and fails to
12-15 practice or work for at least one year as a health care professional
12-16 in a rural or underserved urban area in this state.

12-17 SECTION 41. Section 487.553, Government Code, is amended to
12-18 read as follows:

12-19 Sec. 487.553. LOAN REIMBURSEMENT PROGRAM. The board
12-20 [~~executive committee~~] shall establish a program in the office to
12-21 assist communities in recruiting health professionals to practice
12-22 in medically underserved communities by providing loan
12-23 reimbursement for health professionals who serve in those
12-24 communities.

12-25 SECTION 42. Section 487.554(a), Government Code, is amended
12-26 to read as follows:

12-27 (a) The board [~~executive committee~~] shall establish a
12-28 program in the office to assist communities in recruiting health
12-29 professionals to practice in medically underserved communities by
12-30 providing a stipend to health professionals who agree to serve in
12-31 those communities.

12-32 SECTION 43. Section 487.555(e), Government Code, is amended
12-33 to read as follows:

12-34 (e) A contract under this section must provide that a health
12-35 professional who does not provide the required services to the
12-36 community or provides those services for less than the required
12-37 time is personally liable to the state for:

12-38 (1) the total amount of assistance the health
12-39 professional received from the office and the medically underserved
12-40 community;

12-41 (2) interest on the amount under Subdivision (1) at a
12-42 rate set by the board [~~executive committee~~];

12-43 (3) the state's reasonable expenses incurred in
12-44 obtaining payment, including reasonable attorney's fees; and

12-45 (4) a penalty as established by the board [~~executive~~
12-46 ~~committee~~] by rule to help ensure compliance with the contract.

12-47 SECTION 44. Section 487.556, Government Code, is amended to
12-48 read as follows:

12-49 Sec. 487.556. POWERS AND DUTIES OF OFFICE. (a) The board
12-50 [~~executive committee~~] shall adopt rules necessary for the
12-51 administration of this subchapter, including guidelines for:

12-52 (1) developing contracts under which loan
12-53 reimbursement or stipend recipients provide services to qualifying
12-54 communities;

12-55 (2) identifying the duties of the state, state agency,
12-56 loan reimbursement or stipend recipient, and medically underserved
12-57 community under the loan reimbursement or stipend contract;

12-58 (3) determining a rate of interest to be charged under
12-59 Section 487.555(e)(2);

12-60 (4) ensuring that a loan reimbursement or stipend
12-61 recipient provides access to health services to participants in
12-62 government-funded health benefits programs in qualifying
12-63 communities;

12-64 (5) encouraging the use of telecommunications or
12-65 telemedicine, as appropriate;

12-66 (6) prioritizing the provision of loan reimbursements
12-67 and stipends to health professionals who are not eligible for any
12-68 other state loan forgiveness, loan repayment, or stipend program;

12-69 (7) prioritizing the provision of loan reimbursements

13-1 and stipends to health professionals who are graduates of health
 13-2 professional degree programs in this state;

13-3 (8) encouraging a medically underserved community
 13-4 served by a loan reimbursement or stipend recipient to contribute
 13-5 to the cost of the loan reimbursement or stipend when making a
 13-6 contribution is feasible; and

13-7 (9) requiring a medically underserved community
 13-8 served by a loan reimbursement or stipend recipient to assist the
 13-9 office in contracting with the loan reimbursement or stipend
 13-10 recipient who will serve that community.

13-11 (b) The board [~~executive committee~~] by rule may designate
 13-12 areas of the state as medically underserved communities.

13-13 (c) The board [~~executive committee~~] shall make reasonable
 13-14 efforts to contract with health professionals from a variety of
 13-15 different health professions.

13-16 SECTION 45. Section 487.608(a), Government Code, is amended
 13-17 to read as follows:

13-18 (a) The rural physician relief advisory committee is
 13-19 composed of the following members appointed by the board [~~executive
 13-20 committee~~]:

13-21 (1) a physician who practices in the area of general
 13-22 family medicine in a rural county;

13-23 (2) a physician who practices in the area of general
 13-24 internal medicine in a rural county;

13-25 (3) a physician who practices in the area of general
 13-26 pediatrics in a rural county;

13-27 (4) a representative from an accredited Texas medical
 13-28 school;

13-29 (5) a program director from an accredited primary care
 13-30 residency program;

13-31 (6) a representative from the Texas Higher Education
 13-32 Coordinating Board; and

13-33 (7) a representative from the Texas [~~State Board of~~
 13-34 Medical Board Examiners].

13-35 SECTION 46. Section 110.003(a), Health and Safety Code, is
 13-36 amended to read as follows:

13-37 (a) The Rural Foundation is governed by a board of five
 13-38 directors appointed by the board [~~executive committee~~] of the
 13-39 Office of Rural Community Affairs from individuals recommended by
 13-40 the executive director of the Office of Rural Community Affairs.

13-41 SECTION 47. Section 110.010, Health and Safety Code, is
 13-42 amended to read as follows:

13-43 Sec. 110.010. MEMORANDUM OF UNDERSTANDING. The Rural
 13-44 Foundation and the Office of Rural Community Affairs shall enter
 13-45 into a memorandum of understanding that:

13-46 (1) requires the board of directors and staff of the
 13-47 foundation to report to the executive director and board [~~executive
 13-48 committee~~] of the Office of Rural Community Affairs;

13-49 (2) allows the Office of Rural Community Affairs to
 13-50 provide staff functions to the foundation;

13-51 (3) allows the Office of Rural Community Affairs to
 13-52 expend funds on the foundation; and

13-53 (4) outlines the financial contributions to be made to
 13-54 the foundation from funds obtained from grants and other sources.

13-55 SECTION 48. (a) The nine members of the executive committee
 13-56 of the Office of Rural Community Affairs who are serving
 13-57 immediately before September 1, 2007, continue to serve as members
 13-58 of the governing board of the office on and after that date
 13-59 regardless of whether those members meet the membership
 13-60 requirements prescribed by Subchapter B, Chapter 487, Government
 13-61 Code, as amended by this Act. However, the positions of those nine
 13-62 members are abolished on the date on which a majority of the 11
 13-63 board membership positions that are created under Section 487.021,
 13-64 Government Code, as amended by this Act, are filled and the
 13-65 appointees qualify for office.

13-66 (b) The governor, the lieutenant governor, and the speaker
 13-67 of the house of representatives shall make the 10 appointments to
 13-68 the board under Section 487.021, Government Code, as amended by
 13-69 this Act, as soon as possible on or after September 1, 2007. In

14-1 making the initial appointments, the governor shall designate two
14-2 members for terms expiring February 1, 2009, one member for a term
14-3 expiring February 1, 2011, and one member for a term expiring
14-4 February 1, 2013. In making the initial appointments, the
14-5 lieutenant governor and the speaker of the house shall each
14-6 designate one nonlegislative member for a term expiring February 1,
14-7 2011, and one nonlegislative member for a term expiring February 1,
14-8 2013. Any person who served as a member of the executive committee
14-9 before September 1, 2007, may be appointed to the board.

14-10 SECTION 49. This Act takes effect immediately if it
14-11 receives a vote of two-thirds of all the members elected to each
14-12 house, as provided by Section 39, Article III, Texas Constitution.
14-13 If this Act does not receive the vote necessary for immediate
14-14 effect, this Act takes effect September 1, 2007.

14-15 * * * * *