

GOVERNMENT CODE  
CHAPTER 487. OFFICE OF RURAL COMMUNITY AFFAIRS  
SUBCHAPTER A. GENERAL PROVISIONS

Sec. 487.001. DEFINITIONS. In this chapter:

- (1) "Executive committee" means the executive committee of the Office of Rural Community Affairs.
- (2) "Office" means the Office of Rural Community Affairs.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

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, 2007.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

SUBCHAPTER B. ADMINISTRATIVE PROVISIONS

Sec. 487.021. EXECUTIVE COMMITTEE. (a) The executive committee is the governing body of the office.

(b) The executive committee is composed of the following nine members:

- (1) three members appointed by the governor;
- (2) three members appointed by the lieutenant governor; and
- (3) three members appointed by the speaker of the house of representatives.

(c) The governor, the lieutenant governor, and the speaker of the house of representatives shall each appoint at least two members who possess a strong understanding of and commitment to rural interests based on the individual's personal history, including residency, occupation, and business or civic activities.

(d) Appointments to the executive committee shall be made without regard to the race, color, disability, sex, religion, age, or national origin of the appointees.

(e) The members of the executive committee serve for staggered six-year terms, with the terms of three members expiring February 1 of each odd-numbered year.

(f) Executive committee members receive no compensation but are entitled to reimbursement of actual and necessary expenses incurred in the performance of their duties.

(g) The members of the executive committee annually shall elect a presiding officer from among the members of the executive committee.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.022. CONFLICTS OF INTEREST. (a) In this section, "Texas trade association" means a cooperative and voluntarily joined association of business or professional competitors in this state designed to assist its members and its industry or profession in dealing with mutual business or professional problems and in promoting their common interest.

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

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

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

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

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

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

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

- (1) the legislation that created the office and the

executive committee;

(2) the programs operated by the office;  
(3) the role and functions of the office;  
(4) the rules of the office, with an emphasis on any rules that relate to disciplinary and investigatory authority;  
(5) the current budget for the office;  
(6) the results of the most recent formal audit of the office;

(7) the requirements of:  
(A) the open meetings law, Chapter 551;  
(B) the public information law, Chapter 552;  
(C) the administrative procedure law, Chapter 2001; and

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

(8) any applicable ethics policies adopted by the executive committee or the Texas Ethics Commission.

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

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2002.

Sec. 487.024. REMOVAL. (a) It is a ground for removal from the executive committee that a member:

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

(2) does not maintain during service on the executive committee the qualifications required by Section 487.021;

(3) is ineligible for membership under Section 487.022;

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

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

(b) The validity of an action of the executive committee is not affected by the fact that it is taken when a ground for removal of an executive committee member exists.

(c) If the executive director has knowledge that a potential ground for removal exists, the executive director shall notify the presiding officer of the executive committee of the potential ground. The presiding officer shall then notify the governor and the attorney general that a potential ground for removal exists. If the potential ground for removal involves the presiding officer, the executive director shall notify the next highest ranking officer of the executive committee, who shall then notify the governor and the attorney general that a potential ground for removal exists.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.025. DIVISION OF RESPONSIBILITY. The executive committee shall develop and implement policies that clearly separate the policy-making responsibilities of the executive committee and the management responsibilities of the executive director and staff of the office.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.026. EXECUTIVE DIRECTOR. (a) The executive committee may hire an executive director to serve as the chief executive officer of the office and to perform the administrative duties of the office.

(b) The executive director serves at the will of the executive committee.

(c) The executive director may hire staff within guidelines established by the executive committee.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.027. PUBLIC HEARINGS. The executive committee shall develop and implement policies that provide the public with a reasonable opportunity to appear before the executive committee and to speak on any issue under the jurisdiction of the office.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.028. EQUAL EMPLOYMENT OPPORTUNITY POLICY STATEMENT. (a) The executive director or the executive director's

designee shall prepare and maintain a written policy statement that implements a program of equal employment opportunity to ensure that all personnel decisions are made without regard to race, color, disability, sex, religion, age, or national origin.

(b) The policy statement must include:

(1) personnel policies, including policies relating to recruitment, evaluation, selection, training, and promotion of personnel, that show the intent of the office to avoid the unlawful employment practices described by Chapter 21, Labor Code; and

(2) an analysis of the extent to which the composition of the office's personnel is in accordance with state and federal law and a description of reasonable methods to achieve compliance with state and federal law.

(c) The policy statement must be:

(1) updated annually;

(2) reviewed by the state Commission on Human Rights for compliance with Subsection (b)(1); and

(3) filed with the governor's office.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

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

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.030. COMPLAINTS. (a) The office shall maintain a file on each written complaint filed with the office. The file must include:

(1) the name of the person who filed the complaint;

(2) the date the complaint is received by the office;

(3) the subject matter of the complaint;

(4) the name of each person contacted in relation to the complaint;

(5) a summary of the results of the review or investigation of the complaint; and

(6) an explanation of the reason the file was closed, if the office closed the file without taking action other than to investigate the complaint.

(b) The office shall provide to the person filing the complaint and to each person who is a subject of the complaint a copy of the office's policies and procedures relating to complaint investigation and resolution.

(c) The office, at least quarterly until final disposition of the complaint, shall notify the person filing the complaint and each person who is a subject of the complaint of the status of the investigation unless the notice would jeopardize an undercover investigation.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

#### SUBCHAPTER C. GENERAL POWERS AND DUTIES

Sec. 487.051. POWERS AND DUTIES. The office shall:

(1) develop a rural policy for the state in consultation with local leaders representing all facets of rural community life, academic and industry experts, and state elected and appointed officials with interests in rural communities;

(2) work with other state agencies and officials to improve the results and the cost-effectiveness of state programs affecting rural communities through coordination of efforts;

(3) develop programs to improve the leadership capacity of rural community leaders;

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

(5) administer the federal community development block grant nonentitlement program;

(6) administer programs supporting rural health care as provided by this chapter;

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

(8) ensure that the office qualifies as the state's office of rural health for the purpose of receiving grants from the Office of Rural Health Policy of the United States Department of

Health and Human Services under 42 U.S.C. Section 254r;

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

(10) seek state and federal money available for economic development in rural areas for programs under this chapter.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001. Amended by Acts 2003, 78th Leg., ch. 609, Sec. 2, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(a), eff. Sept. 1, 2003.

Sec. 487.052. RULES. The executive committee may adopt rules as necessary to implement this chapter.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.053. GIFTS AND GRANTS. (a) The office may accept gifts, grants, and donations from any organization for the purpose of funding any activity under this chapter, and the office shall actively seek funding from appropriate nonprofit foundations.

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

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.054. ANNUAL MEETING ON RURAL ISSUES. (a) At least once each year, the following agency heads or their designees shall meet in Austin to discuss rural issues and to provide information showing the impact each agency has on rural communities for use in developing rural policy and compiling the annual report under Section 487.051(4):

- (1) the commissioner of agriculture;
- (2) the executive director of the Public Utility Commission of Texas;
- (3) the director of the Texas Agricultural Extension Service;
- (4) the presiding officer of the Telecommunications Infrastructure Fund Board;
- (5) the executive director of the Texas Department of Housing and Community Affairs;
- (6) the commissioner of the Department of State Health Services;
- (7) the executive administrator of the Texas Water Development Board;
- (8) the executive director of the Parks and Wildlife Department;
- (9) the commissioner of higher education;
- (10) the comptroller;
- (11) the executive director of the Texas Department of Transportation;
- (12) the executive director of the Texas Commission on Environmental Quality;
- (13) the executive director of the Texas Economic Development and Tourism Office;
- (14) the commissioner of insurance;
- (15) the commissioner of the Department of Aging and Disability Services;
- (16) the commissioner of education;
- (17) the executive commissioner of the Health and Human Services Commission;
- (18) the executive director of the Texas Workforce Commission;
- (19) the executive director of the Texas Historical Commission;
- (20) a member of the Railroad Commission of Texas;
- (21) the executive director of the State Soil and Water Conservation Board;
- (22) the executive director of the office; and
- (23) the head of any other agency interested in rural issues.

(b) The executive committee shall call the annual meeting. The executive committee shall set the time and date of the meeting after consulting with the agency heads listed in Subsection (a).

(c) In addition to the individuals identified by Subsection (a), the governor shall designate a representative from the entity that provides mediation services to the state under 7 U.S.C. Section 5102 to attend meetings held under this section.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Amended by Acts 2003, 78th Leg., ch. 1025, Sec. 1, eff. Sept. 1, 2003; Acts 2005, 79th Leg., ch. 415, Sec. 1, eff. Sept. 1, 2005.

Sec. 487.0541. INTERAGENCY WORK GROUP. (a) An interagency work group is created to:

(1) develop a process to allow agencies to work together on issues that face rural communities;

(2) discuss and coordinate programs and services offered to rural communities and residents of rural communities; and

(3) develop regulatory and legislative recommendations that would eliminate duplication and combine program services.

(b) The work group is composed of a representative from each agency listed in or participating under Section 487.054(a) appointed by the executive head of the agency.

(c) The work group shall meet at the call of the executive director of the office.

Added by Acts 2003, 78th Leg., ch. 1025, Sec. 2, eff. Sept. 1, 2003.

Sec. 487.055. ADVISORY COMMITTEES. The executive committee may appoint advisory committees as necessary to assist the executive committee in performing its duties. An advisory committee may be composed of private citizens and representatives from state and local governmental entities. A state or local governmental entity shall appoint a representative to an advisory committee at the request of the executive committee. Chapter 2110 does not apply to an advisory committee created under this section.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.056. REPORT TO LEGISLATURE. (a) Not later than January 1 of each odd-numbered year, the office shall submit a biennial report to the legislature regarding the activities of the office, the activities of the Rural Foundation, and any findings and recommendations relating to rural issues.

(b) The office shall obtain information from each county about indigent health care provided in the county and information from each university, medical school, rural community, or rural health care provider that has performed a study relating to rural health care during the biennium. The office shall include the information obtained under this subsection in the office's report to the legislature.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Amended by Acts 2003, 78th Leg., ch. 609, Sec. 3, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(b)3, eff. Sept. 1, 2003.

Sec. 487.057. RURAL HEALTH WORK PLAN. (a) The office shall develop, implement, and update a rural health work plan.

(b) The office shall submit the rural health work plan to the executive committee for approval. The executive committee shall approve the rural health work plan not later than August 1 of each odd-numbered year.

(c) The office shall work with health care providers, rural communities, universities, and all health and human service related state agencies to develop the rural health work plan. The office shall solicit public comment on the rural health work plan.

(d) The rural health work plan must identify:

(1) the mission, goals, and objectives of how the office will work to assist rural communities in meeting rural health care needs;

(2) ways for the state to effectively and creatively address the unmet health care needs of rural communities;

(3) ways to coordinate the administration and delivery of rural health care service with federal, state, and local public and private programs that provide similar services; and

(4) the office's priorities to accomplish the objectives of the plan.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.058. CONTRACT FOR ADMINISTRATIVE SERVICES. (a) The office shall enter into an interagency contract with another state agency to provide routine administrative services for the office.

(b) The Legislative Budget Board and the Department of Information Resources shall:

(1) evaluate and recommend the most efficient and appropriate ways to obtain the administrative services under Subsection (a); and

(2) assist the office with contracting and any other matters relating to obtaining the administrative services in the

most efficient manner.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.059. DISCLOSURE OF FINANCIAL INTEREST OR EMPLOYMENT. (a) In this section:

(1) "Financial interest in an entity" includes holding an ownership interest in the entity or being employed by the entity.

(2) "Monetary award" means any money, fund, stipend, grant, scholarship, loan, or loan guarantee awarded under this chapter.

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

(c) If the executive director has a financial interest in an entity that applies for a monetary award, the executive director:

(1) shall, as soon as possible, disclose to the executive committee the fact of the director's financial interest;

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

(3) if the executive director under office procedures has a vote on a matter that involves the monetary award:

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

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

(d) If the executive director does not comply with Subsection (c), the entity in which the executive director has a financial interest is not eligible for the monetary award.

(e) Subsections (f) and (g) apply only to a member of the executive committee who is employed by:

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

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

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

(g) If the executive committee member does not comply with Subsection (f), the entity is not eligible to be awarded the monetary award or contract.

Added by Acts 2003, 78th Leg., ch. 1186, Sec. 1, eff. June 20, 2003.

Sec. 487.060. EMERGENCY SERVICES DISTRICT PROGRAM.

Text of section as added by Acts 2005, 79th Leg., ch. 634, Sec. 1

The office shall establish a program to provide interested rural communities with:

(1) general information about emergency services districts;

(2) information and training related to the establishment of an emergency services district; and

(3) technical assistance related to the implementation of an emergency services district.

Added by Acts 2005, 79th Leg., ch. 634, Sec. 1, eff. Sept. 1, 2005.

For text of section as added by Acts 2005, 79th Leg., ch. 828, Sec. 2, see Sec. 487.060, post.

Sec. 487.060. REPORT TO SECRETARY OF STATE.

Text of section as added by Acts 2005, 79th Leg., ch. 828, Sec. 2

(a) In this section, "colonia" means a geographic area that:

(1) is an economically distressed area as defined by Section 17.921, Water Code; and

(2) is located in a county any part of which is within 62 miles of an international border.

(b) To assist the secretary of state in preparing the report required under Section 405.021, the office on a quarterly basis shall provide a report to the secretary of state detailing any projects funded by the office that serve colonias by providing water or wastewater services, paved roads, or other assistance.

(c) The report must include:

- (1) a description of any relevant projects;
- (2) the location of each project;
- (3) the number of colonia residents served by each project;
- (4) the cost or anticipated cost of each project;
- (5) a statement of whether each project is completed and, if not, the expected completion date of the project; and
- (6) any other information, as determined appropriate by the secretary of state.

Added by Acts 2005, 79th Leg., ch. 828, Sec. 2, eff. Sept. 1, 2005. For text of section as added by Acts 2005, 79th Leg., ch. 634, Sec. 1, see Sec. 487.060, ante.

SUBCHAPTER D. OUTSTANDING RURAL SCHOLARRECOGNITION AND LOAN PROGRAM FOR RURAL HEALTH CARE

Sec. 487.101. DEFINITIONS. In this subchapter:

(1) "Selection committee" means the Outstanding Rural Scholar Selection Committee.

(2) "Fund" means the outstanding rural scholar fund.

(3) "Postsecondary educational institution" means:

(A) an institution of higher education, as defined by Section 61.003, Education Code;

(B) a nonprofit, independent institution approved under Section 61.222, Education Code; or

(C) a nonprofit, health-related school or program accredited by the Southern Association of Colleges and Schools, the Liaison Committee on Medical Education, the American Osteopathic Association, the Board of Nurse Examiners, or, in the case of allied health, an accrediting body recognized by the United States Department of Education.

(4) "Program" means the outstanding rural scholar recognition and loan program for rural health care.

(5) "Rural community" means a municipality in a nonmetropolitan county as defined by the United States Census Bureau in its most recent census.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001. Amended by Acts 2003, 78th Leg., ch. 553, Sec. 2.004, eff. Feb. 1, 2004.

Sec. 487.102. ADMINISTRATION. The office shall administer or contract for the administration of the program.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.103. SELECTION COMMITTEE. (a) The selection committee shall advise the executive committee on the progress of the program.

(b) The selection committee is composed of 12 members appointed by the executive committee.

(c) The executive committee shall consider geographical representation in making appointments to the selection committee.

(d) Selection committee members serve for staggered three-year terms, with the terms of four members expiring August 31 of each year. A member is eligible for reappointment to consecutive terms.

(e) A member of the selection committee is not entitled to reimbursement for expenses incurred in performing duties under this subchapter.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.104. SELECTION OF OUTSTANDING RURAL SCHOLARS. (a) The selection committee shall select outstanding rural scholars through a statewide competition.

(b) The selection committee shall make selections based on criteria approved by the executive committee and adopted as a rule of the office.

(c) The selection committee may not use the applicant's performance on a standardized test as the sole criterion to determine the applicant's selection as an outstanding rural scholar.

(d) The selection committee shall recommend to the executive committee guidelines to be used by rural communities in the selection of students for nomination and sponsorship as outstanding rural scholars.

(e) An outstanding rural scholar receives public recognition and a certificate of award and is eligible for a forgivable loan under this subchapter.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.105. ELIGIBILITY FOR OUTSTANDING RURAL SCHOLAR COMPETITION. (a) To be eligible to participate in the competition under Section 487.104, a high school student or an undergraduate student at a postsecondary educational institution must:

(1) be nominated and sponsored by a rural community, which sponsorship must include financial support;

(2) be a Texas resident under Subchapter B, Chapter 54, Education Code;

(3) if the person is a high school student, be in the upper 25 percent of the student's high school class, if the class contains 48 or more students, and intend to enter a postsecondary educational institution; and

(4) if the person is an undergraduate student, be in the upper 25 percent of the student's class or have a cumulative grade average that is equal to or greater than the equivalent of a 3.0 on a 4.0 scale and be enrolled in a postsecondary educational institution.

(b) If a person is neither a high school student nor an undergraduate student, the person must be eligible for participation in the competition under rules adopted by the office.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.106. ELIGIBILITY FOR LOANS; RURAL COMMUNITY FINANCIAL SUPPORT. (a) For an outstanding rural scholar to be eligible for a forgivable loan, community sponsorship must include financial support.

(b) Community financial support consists of a commitment to fund 50 percent of the costs of a scholar's tuition, fees, educational materials, and living expenses.

(c) The financial support under this section may be satisfied wholly or partly by a grant, a scholarship, or private foundation support.

(d) Evidence of the financial support must be submitted with a community's nomination.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.107. AWARDING OF LOANS. (a) The selection committee shall recommend to the executive committee guidelines for the awarding of forgivable loans to outstanding rural scholars.

(b) The executive committee, acting on the advice of the selection committee, shall award forgivable loans to outstanding rural scholars based on the availability of money in the fund.

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

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.108. AMOUNT OF LOAN. (a) On confirmation of an outstanding rural scholar's admission to a postsecondary educational institution, or on receipt of an enrollment report of the scholar at a postsecondary educational institution, and a certification of the amount of financial support needed, the selection committee annually shall recommend to the executive committee that the committee award a forgivable loan to the scholar in the amount of 50 percent of the cost of the scholar's tuition, fees, educational materials, and living expenses.

(b) An outstanding rural scholar may receive another grant, loan, or scholarship for which the scholar is eligible in addition to the receipt of a forgivable loan, except that the total amount of funds received may not exceed the reasonable needs of the scholar.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.109. LOAN FORGIVENESS. (a) The principal balance and interest for one year of a forgivable loan awarded to an outstanding rural scholar must be forgiven for each year the scholar practices as a health care professional in the sponsoring community.

(b) The sponsoring community shall report to the executive committee the length of time the scholar practices as a health care



professional in the community.

(c) If the executive committee finds that a sponsoring community is not in need of the scholar's services and that the community is willing to forgive repayment of the principal balance and interest of the scholar's loan, the executive committee by rule may provide for the principal balance and interest of one year of the scholar's loan to be forgiven for each year the scholar practices in another rural community in this state.

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

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.110. FUND. (a) The outstanding rural scholar fund is in the state treasury.

(b) The fund consists of legislative appropriations, gifts, grants, donations, the market value of in-kind contributions, and principal and interest payments on forgivable loans deposited to the credit of the fund by the office.

(c) The office shall administer the fund.

(d) The office shall allocate the fund, as available, for forgivable loans under this subchapter.

(e) The office shall deposit any principal and interest payments on forgivable loans to the credit of the fund.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.111. POSTSECONDARY EDUCATIONAL INSTITUTIONS; MONITORING. (a) A postsecondary educational institution shall provide to the selection committee a copy of the academic transcript of each rural scholar for whom the institution has received a release that complies with state and federal open records laws and authorizes the provision of a transcript.

(b) The office shall require reports from students and postsecondary educational institutions as needed to monitor the program. After receiving any necessary releases as a condition of providing assistance, the office shall distribute reports relating to the progress of an outstanding rural scholar to the community sponsoring the scholar.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.112. ADOPTION AND DISTRIBUTION OF RULES. (a) The executive committee shall adopt reasonable rules to enforce the requirements, conditions, and limitations under this subchapter.

(b) The executive committee shall set the rate of interest charged on a forgivable loan under this subchapter.

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

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

#### SUBCHAPTER E. HEALTH CAREERS PROMOTION AND EDUCATION PROGRAM

Sec. 487.151. DEFINITIONS. In this subchapter:

(1) "Fund" means the health careers education fund.

(2) "Postsecondary educational institution" means:

(A) an institution of higher education, as defined by Section 61.003, Education Code;

(B) a nonprofit, independent institution approved under Section 61.222, Education Code; or

(C) a nonprofit, health-related school or program accredited by the Southern Association of Colleges and Schools, the Liaison Committee on Medical Education, the American Osteopathic Association, the Board of Nurse Examiners, or, in the case of allied health, an accrediting body recognized by the United States Department of Education.

(3) "Program" means the health careers promotion and education program.

(4) "Qualified area" means an area qualifying under the National Health Services Corps Community Scholarship Program or an area with similar characteristics as identified by the office.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Amended by Acts 2003, 78th Leg., ch. 553, Sec. 2.005, eff. Feb. 1, 2004.

Sec. 487.152. ADMINISTRATION. (a) The office shall administer or contract for the administration of the program.

(b) The office may solicit and accept gifts, grants, donations, and contributions to support the program.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.153. HEALTH CAREERS PROMOTION. The office may establish a program to work with students, communities, and community-based organizations to encourage high school students to pursue health care professional careers. The office shall give priority to working with communities and students in qualified areas.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.154. LOANS. (a) The executive committee may award forgivable educational loans to eligible students under this subchapter.

(b) The executive committee may award forgivable loans to eligible students based on the availability of money in the fund.

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

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.155. STUDENT ELIGIBILITY. (a) To be eligible to receive a loan under this subchapter, a student must:

(1) be sponsored by an eligible community;

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

(3) meet academic requirements as established by the executive committee;

(4) plan to complete a health care professional degree or certificate program;

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

(6) meet other requirements as established by the executive committee.

(b) Other requirements for eligibility for a loan under this subchapter must include:

(1) one or more interviews with the student; and

(2) a statement written by the student of the student's reasons for:

(A) entering the health care profession; and

(B) wanting to provide health care services to a qualified area in this state.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.156. COMMUNITY ELIGIBILITY. (a) To be eligible to sponsor a student under this subchapter, a community must:

(1) be located in a qualified area in this state; and

(2) provide evidence of community sponsorship of the student.

(b) Community sponsorship consists of:

(1) a commitment to pay for a percentage of the student's postsecondary educational expenses, including tuition, fees, educational materials, and living expenses; and

(2) a commitment to employ the student on a full-time basis as a health care professional on the student's completion of the academic program and licensure or certification in the health care profession for which the student is sponsored.

(c) The executive committee shall determine the percentage of educational expenses communities are required to provide under this section.

(d) Community financial support may be satisfied wholly or partly by a grant, a scholarship, or private foundation support.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.157. AMOUNT OF LOAN. (a) On confirmation of an eligible student's admission to a postsecondary educational institution, or on receipt of an enrollment report of the student at a postsecondary educational institution, and certification of the amount of financial support needed, the executive committee may award a forgivable loan to the student in the amount of not more than the cost of the student's tuition, fees, educational materials, and living expenses.

(b) An eligible student may receive another grant, loan, or scholarship for which the student is eligible in addition to the receipt of a forgivable loan, except that the total amount of funds received may not exceed the reasonable needs of the student as determined by the postsecondary educational institution in which the student is enrolled.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.158. REQUIRED CONTRACT. (a) A student may receive

assistance under this subchapter only if the student signs a contract agreeing to provide health care services to the sponsoring community on completion of the academic program and licensure or certification in the health care profession for which the student is sponsored.

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

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

(2) interest on the total amount at a rate set by the executive committee; and

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

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.159. LOAN FORGIVENESS. (a) A loan recipient shall be forgiven the principal and interest of one year's loan for each year the recipient practices as a health care professional providing health care services in the sponsoring community, but only if the loan recipient practices as a health care professional providing health care services in the sponsoring community or in another qualified area under Subsection (b) for a minimum of two years.

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

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.160. FUND. (a) The health careers education fund is established in the state treasury.

(b) The office shall administer the fund.

(c) The fund consists of gifts, grants, donations, the market value of in-kind contributions, and principal and interest payments on forgivable loans deposited to the credit of the fund by the office.

(d) The office shall deposit any principal and interest payments on forgivable loans to the credit of the fund.

(e) The office shall allocate the fund, as available, for forgivable loans and community repayment under this subchapter.

(f) Unless otherwise provided by the General Appropriations Act, the office may use money appropriated to the office to support the fund.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.161. REPORTING; MONITORING. (a) The office shall require reports from students, communities, and postsecondary educational institutions as needed to monitor the program. After receiving any necessary releases as a condition of providing assistance, the office shall distribute reports relating to the progress of a student to the community sponsoring the student.

(b) The sponsoring community shall report to the executive committee the length of time the student provides health care services in the community in accordance with the guidelines established by the executive committee.

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

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.162. PROGRAM PROMOTION. The office shall provide postsecondary educational institutions and communities in qualified areas with information about health care careers and loan opportunities, including information on eligibility and availability of funds under this subchapter.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.163. ADOPTION OF RULES. (a) The executive committee shall adopt reasonable rules to enforce the requirements, conditions, and limitations of this subchapter.

(b) The executive committee shall set the rate of interest charged on a forgivable loan under this subchapter.

(c) The executive committee shall adopt rules necessary to

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

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

SUBCHAPTER F. MEDICALLY UNDERSERVED COMMUNITY-STATEMATCHING  
INCENTIVE PROGRAM

Sec. 487.201. DEFINITIONS. In this subchapter:

- (1) "Medically underserved community" means:
  - (A) a community located in an area in this state with a medically underserved population;
  - (B) a community located in an area in this state designated by the United States secretary of health and human services as an area with a shortage of personal health services;
  - (C) a population group designated by the United States secretary of health and human services as having a shortage of personal health services;
  - (D) a community designated under state or federal law as a medically underserved community; or
  - (E) a community that the office considers to be medically underserved based on relevant demographic, geographic, and environmental factors.
- (2) "Physician" means a person licensed to practice medicine in this state.
- (3) "Primary care" means physician services in family practice, general practice, internal medicine, pediatrics, obstetrics, or gynecology.
- (4) "Start-up money" means a payment made by a medically underserved community for reasonable costs incurred by a physician to establish a medical office and ancillary facilities for diagnosing and treating patients.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.202. PROGRAM. (a) The executive committee shall establish and administer a program under this subchapter to increase the number of physicians providing primary care in medically underserved communities.

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

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

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

(e) The executive committee shall establish priorities so that the neediest communities eligible for assistance under this subchapter are assured the receipt of a grant.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.203. ELIGIBILITY. To be eligible to receive money from the executive committee, a medically underserved community must:

- (1) apply for the money; and
- (2) provide evidence satisfactory to the executive committee that it has entered into an agreement with a physician for the physician to provide primary care in the community for at least two years.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.204. RULES. The executive committee shall adopt rules necessary for the administration of this subchapter, including rules addressing:

- (1) eligibility criteria for a medically underserved community;
- (2) eligibility criteria for a physician;
- (3) minimum and maximum community contributions to the start-up money for a physician to be matched with state money;
- (4) conditions under which state money must be repaid by a community or physician;
- (5) procedures for disbursement of money by the executive committee;
- (6) the form and manner in which a community must make its contribution to the start-up money; and
- (7) the contents of an agreement to be entered into by

the parties, which must include at least:

(A) a credit check for an eligible physician;  
and

(B) community retention of interest in any property, equipment, or durable goods for seven years.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

SUBCHAPTER G. TEXAS HEALTH SERVICE CORPS PROGRAM FOR MEDICALLY UNDERSERVED AREAS

Sec. 487.251. DEFINITIONS. In this subchapter:

(1) "Medically underserved area" means an area designated by the United States secretary of health and human services as having:

(A) a shortage of personal health services or a population group that has such a shortage as provided by 42 U.S.C. Section 300e-1(7); or

(B) a health professional shortage as provided by 42 U.S.C. Section 254e(a)(1).

(2) "Physician" means a resident physician who is enrolled in an accredited residency training program in this state in the specialty of:

(A) family practice;

(B) general internal medicine;

(C) general pediatric medicine; or

(D) general obstetrics and gynecology.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.252. TEXAS HEALTH SERVICE CORPS PROGRAM. (a) The executive committee shall establish a program in the office to assist communities in recruiting and retaining physicians to practice in medically underserved areas.

(b) The executive committee by rule shall establish:

(1) eligibility criteria for applicants;

(2) stipend application procedures;

(3) guidelines relating to stipend amounts;

(4) procedures for evaluating stipend applications;

and

(5) a system of priorities relating to the:

(A) geographic areas covered;

(B) medical specialties eligible to receive funding under the program; and

(C) level of stipend support.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.253. ADMINISTRATION. (a) The executive committee shall adopt rules necessary to administer this subchapter, and the office shall administer the program in accordance with those rules.

(b) The office may not spend for the office's administrative costs in administering the program more than 10 percent of the amount appropriated to implement this subchapter.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.254. REQUIRED CONTRACT. (a) The office may award a stipend to a physician under this subchapter if the physician enters into a written contract to provide services in a medically underserved area for at least one year for each year that the physician receives the stipend.

(b) The contract must provide that if the physician does not provide the required services in the medically underserved area or provides those services for less than the required term, the physician is personally liable to the state for:

(1) the total amount of the stipend the physician receives;

(2) interest on that total amount for the period beginning on the date the physician signs the contract and ending on the date the physician repays the amount of the stipend computed at a rate equal to the sum of:

(A) the auction average rate quoted on a bank discount basis for 26-week treasury bills issued by the United States government, as published by the Federal Reserve Board, for the week preceding the week in which the contract is signed; and

(B) five percent; and

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

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.255. STIPENDS. (a) The office shall award stipends to physicians for one-year periods. A stipend awarded under this subchapter may not exceed \$15,000 each year.

(b) The office may renew a stipend used to assist a

particular physician.

(c) A physician is not eligible for a stipend under this subchapter for a period longer than is ordinarily and customarily required for the completion of residency training for first board eligibility.

(d) A physician who receives a stipend under this subchapter is not eligible to receive assistance under a state educational loan repayment program or other state incentive program.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.256. FUNDING. The office may seek, receive, and spend money received through an appropriation, grant, donation, or reimbursement from any public or private source to implement this subchapter.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

#### SUBCHAPTER H. RURAL HEALTH FACILITY CAPITAL IMPROVEMENT

Sec. 487.301. DEFINITIONS. In this subchapter:

(1) "Public hospital" means a general or special hospital licensed under Chapter 241, Health and Safety Code, that is owned or operated by a municipality, county, municipality and county, hospital district, or hospital authority and that performs inpatient or outpatient services.

(2) "Rural county" means:

(A) a county that has a population of 150,000 or less; or

(B) with respect to a county that has a population of more than 150,000 and that contains a geographic area that is not delineated as urbanized by the federal census bureau, that part of the county that is not delineated as urbanized.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.302. POWERS OF OFFICE. In administering this subchapter, the office may:

(1) enter into and enforce contracts and execute and deliver conveyances and other instruments necessary to make and administer grants, loans, and loan guarantees under this subchapter;

(2) employ personnel and counsel necessary to implement this subchapter and pay them from money appropriated for that purpose;

(3) impose and collect reasonable fees and charges in connection with grants, loans, and loan guarantees made under this subchapter and provide reasonable penalties for delinquent payment of fees, charges, or loan repayments;

(4) take and enforce a mortgage or appropriate security interest in real or personal property that a loan recipient acquires with the proceeds of a loan made under this subchapter; and

(5) adopt rules necessary to implement the grant, loan, and loan guarantee program.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.303. GRANT, LOAN, AND LOAN GUARANTEE PROGRAM. (a) The office may use money appropriated to the office under Section 403.1065 to make a grant or low-interest loan to, or guarantee a loan for, a public or nonprofit hospital located in a rural county.

(b) A grant, loan, or loan guarantee recipient may use the money only to make capital improvements to existing health facilities located in a rural county, to construct new health facilities in a rural county, or to purchase capital equipment, including information systems hardware and software, for a health facility located in a rural county.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

Sec. 487.304. ELIGIBILITY FOR GRANT, LOAN, OR LOAN GUARANTEE; INTEREST RATE. (a) The office shall adopt rules that establish eligibility criteria for receiving a grant, loan, or loan guarantee under this subchapter.

(b) The rules must state generally the factors the office will consider in determining whether an applicant should receive a grant, loan, or loan guarantee. The rules must consider at least the financial need of the applicant, the health care needs of the rural area served by the applicant, and the probability that the applicant will effectively and efficiently use the money obtained through the grant, loan, or loan guarantee to meet the health care needs of the rural area served by the applicant.

(c) The rules must state generally the factors the office will consider in determining the extent to which the interest rate on a loan should be below market rates.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 1, eff. Sept. 1, 2001.

SUBCHAPTER I. COMMUNITY DEVELOPMENT BLOCK GRANT NONENTITLEMENT PROGRAM

Sec. 487.351. ADMINISTRATION OF COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM; ALLOCATION OF FUNDS. (a) The office shall, under the Omnibus Budget Reconciliation Act of 1981 ( Pub.L. No. 97-35) and 24 CFR, Part 570, Subpart I, administer the state's allocation of federal funds provided under the community development block grant nonentitlement program authorized by Title I of the Housing and Community Development Act of 1974 (42 U.S.C. Section 5301 et seq.).

(b) Community development block grant program funds shall be allocated to eligible counties and municipalities under office rules.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.73(a), eff. Sept. 1, 1995. Renumbered from V.T.C.A., Government Code Sec. 2306.098 and amended by Acts 2001, 77th Leg., ch. 1424, Sec. 2, eff. Sept. 1, 2001.

Sec. 487.352. TRANSFER OF FEDERAL FUNDS. (a) The office may enter into an interagency agreement with the Department of Agriculture to reimburse the Department of Agriculture for providing on behalf of the office marketing, underwriting, and any other services on the portion of the federal community development block grant funds allocated by the office for economic development activities.

(b) The office shall allocate not more than 20 percent of the federal funds received by the office to the Department of Agriculture to be used for economic development activities.

(c) The office shall allocate not more than five percent of the funds allocated to the Department of Agriculture under Subsection (b) to be used for county economic and management development.

(d) The office shall monitor the activities undertaken by the Department of Agriculture under this section.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.74(a), eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 980, Sec. 22, eff. Sept. 1, 1997. Renumbered from V.T.C.A., Government Code Sec. 2306.099 and amended by Acts 2001, 77th Leg., ch. 1424, Sec. 2, eff. Sept. 1, 2001.

Sec. 487.353. STATE COMMUNITY DEVELOPMENT REVIEW COMMITTEE. (a) The state community development review committee is composed of 12 members appointed by the governor.

(b) A committee member must be:

(1) a member of the governing body of a county or municipality eligible for funding under the community development block grant program; or

(2) a county or municipal employee who is a supervisor and whose regular duties include involvement in community development activities.

(c) The ratio of county officials serving as committee members to all committee members may not exceed the ratio of all counties eligible for funding under the community development block grant program to all eligible applicants.

(d) The governor shall designate the presiding officer of the committee, who serves at the governor's pleasure.

(e) Committee members serve two-year terms expiring February 1 of each odd-numbered year.

(f) A committee member serves without compensation for service on the committee, but is entitled to reimbursement for reasonable and necessary expenses incurred in performing the member's duties.

(g) Service on the committee by an officer or employee of a county or municipality is an additional duty of the individual's office or employment and is not dual office holding.

(h) The committee shall meet at least twice annually at the executive director's call.

(i) The committee shall:

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

(2) review funding applications of eligible counties and municipalities and advise and assist the executive director regarding the allocation of program funds to those applicants.

(j) The committee may annually recommend to the executive

director a formula for allocating funds to each geographic state planning region established by the governor under Chapter 391, Local Government Code. The formula must give preference to regions according to the regions' needs.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Renumbered from V.T.C.A., Government Code Sec. 2306.100 and amended by Acts 2001, 77th Leg., ch. 1424, Sec. 2, eff. Sept. 1, 2001.

Sec. 487.354. FINANCIAL ASSISTANCE FOR INSTALLATION OF STREET LIGHTS IN COLONIAS. (a) In this section, "colonia" means an identifiable unincorporated community, or an identifiable community annexed by a municipality and eligible for assistance as described by Section 43.907(b), Local Government Code, that:

(1) is located within 150 miles of the international border of this state in a county that is eligible to receive financial assistance from the community development block grant colonia fund under this subchapter, as identified by office rule;

(2) is determined by the office to be a colonia on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and

(3) was in existence and generally recognized as a colonia before November 28, 1990.

(b) The office shall adopt a rule requiring a political subdivision that receives community development block grant program money targeted toward street improvement projects to allocate not less than five percent but not more than 15 percent of the total amount of targeted money to providing financial assistance to colonias within the political subdivision to enable the installation of adequate street lighting in those colonias if street lighting is absent or needed.

Added by Acts 2005, 79th Leg., ch. 1210, Sec. 1, eff. Sept. 1, 2005.

#### SUBCHAPTER J. DESIGNATING RURAL HOSPITALS

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

(b) At the hospital's request, the office shall designate the hospital as a rural hospital if the hospital meets the requirements for a rural hospital under the executive committee's rules.

Added by Acts 2001, 77th Leg., ch. 1424, Sec. 3, eff. Sept. 1, 2001.

#### SUBCHAPTER K. COMMUNITY HEALTHCARE AWARENESS AND MENTORING PROGRAM FOR STUDENTS

Sec. 487.451. DEFINITIONS. In this subchapter:

(1) "Health care professional" means:

- (A) an advanced nurse practitioner;
- (B) a dentist;
- (C) a dental hygienist;
- (D) a laboratory technician;
- (E) a licensed vocational nurse;
- (F) a licensed professional counselor;
- (G) a medical radiological technologist;
- (H) an occupational therapist;
- (I) a pharmacist;
- (J) a physical therapist;
- (K) a physician;
- (L) a physician assistant;
- (M) a psychologist;
- (N) a registered nurse;
- (O) a social worker;
- (P) a speech-language pathologist;
- (Q) a veterinarian;
- (R) a chiropractor; and
- (S) another appropriate health care professional

identified by the executive committee.

(2) "Program" means the community healthcare awareness and mentoring program for students established under this subchapter.

(3) "Underserved urban area" means an urban area of this state with a medically underserved population, as determined in accordance with criteria adopted by the board by rule, considering relevant demographic, geographic, and environmental factors.

Added by Acts 2001, 77th Leg., ch. 831, Sec. 1, eff. Sept. 1, 2001. Redesignated from V.T.C.A., Health and Safety Code, Sec. 106.251



and amended by Acts 2003, 78th Leg., ch. 609, Sec. 4, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(c), eff. Sept. 1, 2003.

Sec. 487.452. COMMUNITY HEALTHCARE AWARENESS AND MENTORING PROGRAM FOR STUDENTS. (a) The executive committee, in collaboration with Area Health Education Center Programs, shall establish a community healthcare awareness and mentoring program for students to:

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

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

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

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

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

(b) In connection with the program, the office shall establish and maintain an updated medical resource library that contains information relating to medical careers. The office shall make the library available to school counselors, students, and parents of students.

Added by Acts 2001, 77th Leg., ch. 831, Sec. 1, eff. Sept. 1, 2001. Redesignated from V.T.C.A., Health and Safety Code Sec. 106.252 and amended by Acts 2003, 78th Leg., ch. 609, Sec. 4, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(c), eff. Sept. 1, 2003.

Sec. 487.453. ADMINISTRATION. (a) The office shall administer or contract for the administration of the program.

(b) The office may solicit and accept gifts, grants, donations, and contributions to support the program.

(c) The office may administer the program in cooperation with other public and private entities.

(d) The office, in consultation with Area Health Education Center Programs, shall coordinate the program with similar programs, including programs relating to workforce development, scholarships for education, and employment of students, that are administered by other agencies, such as the Texas Workforce Commission and local workforce development boards.

Added by Acts 2001, 77th Leg., ch. 831, Sec. 1, eff. Sept. 1, 2001. Redesignated from V.T.C.A., Health and Safety Code Sec. 106.253 and amended by Acts 2003, 78th Leg., ch. 609, Sec. 4, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(c), eff. Sept. 1, 2003.

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

(b) In awarding grants under the program, the executive committee shall give first priority to grants to training or educational programs that provide internships to students.

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

(1) apply for the grant on a form adopted by the executive committee;

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

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

(4) comply fully with any practice or requirements

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

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

Added by Acts 2001, 77th Leg., ch. 831, Sec. 1, eff. Sept. 1, 2001. Redesignated from V.T.C.A., Health and Safety Code Sec. 106.254 by Acts 2003, 78th Leg., ch. 609, Sec. 4, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276 Sec. 9.006(c), eff. Sept. 1, 2003.

SUBCHAPTER L. RURAL PHYSICIAN RECRUITMENT PROGRAM

Sec. 487.501. DEFINITIONS. In this subchapter:

(1) "Rural community" means a rural area as defined by the office.

(2) "Medical school" has the meaning assigned by Section 61.501, Education Code.

Added by Acts 2001, 77th Leg., ch. 1112, Sec. 1, eff. Sept. 1, 2001. Redesignated from V.T.C.A., Health and Safety Code Sec. 106.251 and amended by Acts 2003, 78th Leg., ch. 609, Sec. 5, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(d), eff. Sept. 1, 2003.

Sec. 487.502. GIFTS AND GRANTS. The office may accept gifts, grants, and donations to support the rural physician recruitment program.

Added by Acts 2001, 77th Leg., ch. 1112, Sec. 1, eff. Sept. 1, 2001. Redesignated from V.T.C.A., Health and Safety Code Sec. 106.252 and amended by Acts 2003, 78th Leg., ch. 609, Sec. 5, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(d), eff. Sept. 1, 2003.

Sec. 487.503. RURAL PHYSICIAN RECRUITMENT PROGRAM. (a) The office shall establish a process in consultation with the Texas Higher Education Coordinating Board for selecting Texas medical schools to recruit students from rural communities and encourage them to return to rural communities to practice medicine.

(b) The Texas medical schools selected shall:

(1) encourage high school and college students from rural communities to pursue a career in medicine;

(2) develop a screening process to identify rural students most likely to pursue a career in medicine;

(3) establish a rural medicine curriculum;

(4) establish a mentoring program for rural students;

(5) provide rural students with information about financial aid resources available for postsecondary education; and

(6) establish a rural practice incentive program.

Added by Acts 2001, 77th Leg., ch. 1112, Sec. 1, eff. Sept. 1, 2001. Redesignated from V.T.C.A., Health and Safety Code Sec. 106.253 and amended by Acts 2003, 78th Leg., ch. 609, Sec. 5, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(d), eff. Sept. 1, 2003.

SUBCHAPTER M. RURAL COMMUNITIES HEALTH CARE INVESTMENT PROGRAM

Sec. 487.551. DEFINITIONS. In this subchapter:

(1) "Health professional" means a person other than a physician who holds a license, certificate, registration, permit, or other form of authorization required by law or a state agency rule that must be obtained by an individual to practice in a health care profession.

(2) "Medically underserved community" means a community that:

(A) is located in a county with a population of 50,000 or less;

(B) has been designated under state or federal law as:

(i) a health professional shortage area;

or

(ii) a medically underserved area; or

(C) has been designated as a medically underserved community by the office.

Added by Acts 2001, 77th Leg., ch. 435, Sec. 2, eff. May 28, 2001. Redesignated from V.T.C.A., Health and Safety Code Sec. 106.301 and amended by Acts 2003, 78th Leg., ch. 609, Sec. 6, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(e), eff. Sept. 1, 2003.

Sec. 487.552. ADVISORY PANEL. The office shall appoint an advisory panel to assist in the office's duties under this subchapter. The advisory panel must consist of at least:

(1) one representative from the Texas Higher Education Coordinating Board;

(2) one representative from the institutions of higher education having degree programs for the health professions participating in the programs under this subchapter;

(3) one representative from a hospital in a medically underserved community;

(4) one physician practicing in a medically underserved community;

(5) one health professional, other than a physician, practicing in a medically underserved community; and

(6) one public representative who resides in a medically underserved community.

Added by Acts 2001, 77th Leg., ch. 435, Sec. 2, eff. May 28, 2001. Redesignated from V.T.C.A., Health and Safety Code Sec. 106.302 and amended by Acts 2003, 78th Leg., ch. 609, Sec. 6, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(e), eff. Sept. 1, 2003.

Sec. 487.553. LOAN REIMBURSEMENT PROGRAM. The executive committee shall establish a program in the office to assist communities in recruiting health professionals to practice in medically underserved communities by providing loan reimbursement for health professionals who serve in those communities.

Added by Acts 2001, 77th Leg., ch. 435, Sec. 2, eff. May 28, 2001. Redesignated from V.T.C.A., Health and Safety Code Sec. 106.303 and amended by Acts 2003, 78th Leg., ch. 609, Sec. 6, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(e), eff. Sept. 1, 2003.

Sec. 487.554. STIPEND PROGRAM. (a) The executive committee shall establish a program in the office to assist communities in recruiting health professionals to practice in medically underserved communities by providing a stipend to health professionals who agree to serve in those communities.

(b) A stipend awarded under this section shall be paid in periodic installments.

(c) A health professional who participates in the program established under this section must establish an office and residency in the medically underserved area before receiving any portion of the stipend.

Added by Acts 2001, 77th Leg., ch. 435, Sec. 2, eff. May 28, 2001. Redesignated from V.T.C.A., Health and Safety Code Sec. 106.304 and amended by Acts 2003, 78th Leg., ch. 609, Sec. 6, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(e), eff. Sept. 1, 2003.

Sec. 487.555. CONTRACT REQUIRED. (a) A health professional may receive assistance under this subchapter only if the health professional signs a contract agreeing to provide health care services in a medically underserved community.

(b) A student in a degree program preparing to become a health professional may contract with the office for the loan reimbursement program under Section 487.553 before obtaining the license required to become a health professional.

(c) The office may contract with a health professional for part-time services under the stipend program established under Section 487.554.

(d) A health professional who participates in any loan reimbursement program is not eligible for a stipend under Section 487.554.

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

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

(2) interest on the amount under Subdivision (1) at a rate set by the executive committee;

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

(4) a penalty as established by the executive committee by rule to help ensure compliance with the contract.

(f) Amounts recovered under Subsection (e) shall be

deposited in the permanent endowment fund for the rural communities health care investment program under Section 487.558.

Added by Acts 2001, 77th Leg., ch. 435, Sec. 2, eff. May 28, 2001. Redesignated from V.T.C.A., Health and Safety Code Sec. 106.305 and amended by Acts 2003, 78th Leg., ch. 609, Sec. 6, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(e), eff. Sept. 1, 2003.

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

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

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

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

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

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

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

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

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

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

(b) The executive committee by rule may designate areas of the state as medically underserved communities.

(c) The executive committee shall make reasonable efforts to contract with health professionals from a variety of different health professions.

Added by Acts 2001, 77th Leg., ch. 435, Sec. 2, eff. May 28, 2001. Redesignated from V.T.C.A., Health and Safety Code Sec. 106.306 and amended by Acts 2003, 78th Leg., ch. 609, Sec. 6, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(e), eff. Sept. 1, 2003.

Sec. 487.557. USE OF TELECOMMUNICATION AND TELEMEDICINE. A health professional who participates in a program under this subchapter may not use telecommunication technology, including telemedicine, as the sole or primary method of providing services and may not use telecommunication technology as a substitute for providing health care services in person. A health professional who participates in a program under this subchapter may use telecommunication technology only to supplement or enhance the health care services provided by the health professional.

Added by Acts 2001, 77th Leg., ch. 435, Sec. 2, eff. May 28, 2001. Redesignated from V.T.C.A., Health and Safety Code Sec. 106.307 and amended by Acts 2003, 78th Leg., ch. 609, Sec. 6, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(e), eff. Sept. 1, 2003.

Sec. 487.558. PERMANENT ENDOWMENT FUND. (a) The permanent endowment fund for the rural communities health care investment program is a special fund in the treasury outside the general revenue fund.

(b) The fund is composed of:

(1) money transferred to the fund at the direction of the legislature;

(2) gifts and grants contributed to the fund;

(3) the returns received from investment of money in the fund; and

(4) amounts recovered under Section 487.555(e).

Added by Acts 2001, 77th Leg., ch. 435, Sec. 2, eff. May 28, 2001. Redesignated from V.T.C.A., Health and Safety Code Sec. 106.308 and

amended by Acts 2003, 78th Leg., ch. 609, Sec. 6, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(e), eff. Sept. 1, 2003.

Sec. 487.559. ADMINISTRATION AND USE OF FUND. (a) The office may administer the permanent endowment fund for the rural communities health care investment program. If the office elects not to administer the fund, the comptroller shall administer the fund.

(b) The administrator of the fund shall invest the fund in a manner intended to preserve the purchasing power of the fund's assets and the fund's annual distributions. The administrator may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions the administrator considers appropriate, any kind of investment of the fund's assets that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment.

(c) The comptroller or the office may solicit and accept gifts and grants to the fund.

(d) Annual distributions for the fund shall be determined by the investment and distribution policy adopted by the administrator of the fund for the fund's assets.

(e) Except as provided by Subsection (f), money in the fund may not be used for any purpose.

(f) The amount available for distribution from the fund, including any gift or grant, may be appropriated only for providing stipends and loan reimbursement under the programs authorized by this subchapter and to pay the expenses of managing the fund. The expenditure of a gift or grant is subject to any limitation or requirement placed on the gift or grant by the donor or granting entity.

(g) Sections 403.095 and 404.071, Government Code, do not apply to the fund. Section 404.094(d), Government Code, applies to the fund.

Added by Acts 2001, 77th Leg., ch. 435, Sec. 2, eff. May 28, 2001. Redesignated from V.T.C.A., Health and Safety Code Sec. 106.309 and amended by Acts 2003, 78th Leg., ch. 609, Sec. 6, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(e), eff. Sept. 1, 2003.

Sec. 487.560. REPORTING REQUIREMENT. The office shall provide a report on the permanent endowment fund for the rural communities health care investment program to the Legislative Budget Board not later than November 1 of each year. The report must include the total amount of money the office received from the fund, the purpose for which the money was used, and any additional information that may be requested by the Legislative Budget Board.

Added by Acts 2001, 77th Leg., ch. 435, Sec. 2, eff. May 28, 2001. Redesignated from V.T.C.A., Health and Safety Code Sec. 106.310 and amended by Acts 2003, 78th Leg., ch. 609, Sec. 6, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(e), eff. Sept. 1, 2003.

#### SUBCHAPTER N. RURAL PHYSICIAN RELIEF PROGRAM

Sec. 487.601. DEFINITIONS. In this subchapter:

(1) "Physician" means a person licensed to practice medicine in this state under Subtitle B, Title 3, Occupations Code.

(2) "Relief services" means the temporary coverage of a physician's practice by another physician for a predetermined time during the physician's absence and before the physician's return.

(3) "Rural" means:

(A) a community located in a county with a population not greater than 50,000;

(B) an area designated under state or federal law as:

(i) a health professional shortage area;

or

(ii) a medically underserved area; or

(C) a medically underserved community designated by the office.

Added by Acts 2003, 78th Leg., ch. 609, Sec. 1, eff. Sept. 1, 2003.

Sec. 487.602. RURAL PHYSICIAN RELIEF PROGRAM. The office shall create a program to provide affordable relief services to rural physicians practicing in the fields of general family

medicine, general internal medicine, and general pediatrics to facilitate the ability of those physicians to take time away from their practice.

Added by Acts 2003, 78th Leg., ch. 609, Sec. 1, eff. Sept. 1, 2003.

Sec. 487.603. FEES. (a) The office shall charge a fee for rural physicians to participate in the program.

(b) The fees collected under this section shall be deposited in a special account in the general revenue fund that may be appropriated only to the office for administration of this subchapter.

Added by Acts 2003, 78th Leg., ch. 609, Sec. 1, eff. Sept. 1, 2003.

Sec. 487.604. FUNDING. The office may solicit and accept gifts, grants, donations, and contributions to support the program.

Added by Acts 2003, 78th Leg., ch. 609, Sec. 1, eff. Sept. 1, 2003.

Sec. 487.605. RELIEF PHYSICIAN'S EXPENSES. The office shall pay a physician providing relief under the program using fees collected by the center.

Added by Acts 2003, 78th Leg., ch. 609, Sec. 1, eff. Sept. 1, 2003.

Sec. 487.606. PRIORITY ASSIGNMENT OF RELIEF PHYSICIANS. (a) The office shall assign physicians to provide relief to a rural area in accordance with the following priorities:

- (1) solo practitioners;
- (2) counties that have fewer than seven residents per square mile;
- (3) counties that have been designated under federal law as a health professional shortage area;
- (4) counties that do not have a hospital; and
- (5) counties that have a hospital but do not have a continuously staffed hospital emergency room.

(b) In determining where to assign relief physicians, the office shall consider the number of physicians in the area available to provide relief services and the distance in that area to the nearest physician who practices in the same specialty.

(c) At the request of the office, residency program directors may assist the office in coordinating the assignment of relief physicians.

Added by Acts 2003, 78th Leg., ch. 609, Sec. 1, eff. Sept. 1, 2003.

Sec. 487.607. RELIEF PHYSICIAN RECRUITMENT. The office shall actively recruit physicians to participate in the program as relief physicians. The office shall concentrate on recruiting physicians involved in an accredited residency program in general pediatrics, general internal medicine, and general family medicine, physicians registered on the office's locum tenens registry, physicians employed at a medical school, and physicians working for private locum tenens groups.

Added by Acts 2003, 78th Leg., ch. 609, Sec. 1, eff. Sept. 1, 2003.

Sec. 487.608. ADVISORY COMMITTEE. (a) The rural physician relief advisory committee is composed of the following members appointed by the executive committee:

- (1) a physician who practices in the area of general family medicine in a rural county;
- (2) a physician who practices in the area of general internal medicine in a rural county;
- (3) a physician who practices in the area of general pediatrics in a rural county;
- (4) a representative from an accredited Texas medical school;
- (5) a program director from an accredited primary care residency program;
- (6) a representative from the Texas Higher Education Coordinating Board; and
- (7) a representative from the Texas State Board of Medical Examiners.

(b) The advisory committee shall assist the office in administering the program.

Added by Acts 2003, 78th Leg., ch. 609, Sec. 1, eff. Sept. 1, 2003.

#### SUBCHAPTER O. COMMUNITY TELECOMMUNICATIONS ALLIANCE PROGRAM

Sec. 487.651. DEFINITIONS. In this subchapter:

(1) "Board" means the Telecommunications Infrastructure Fund Board.

(2) "Community telecommunications alliance" means an association of public and private entities created to share resources, promote innovative school health technology, promote economic development opportunities for the community, and improve the overall quality of life within a local community through

telecommunications and information services provided by the private sector.

(3) "Program" means the community telecommunications alliance program.

Added by Acts 2003, 78th Leg., ch. 1151, Sec. 1, eff. Sept. 1, 2003.

Sec. 487.652. MEMORANDUM OF UNDERSTANDING. (a) The office and the board by rule shall adopt a memorandum of understanding establishing the community telecommunications alliance program. The program shall:

(1) assist local communities in the creation and development of community telecommunications alliances, including alliances established to pursue rural economic development or innovative rural school health technology projects, by providing advice and assistance in assessing local uses of and local demands or needs for local telecommunications and information services of private sector providers; and

(2) assist community telecommunications alliances in applying for grant funding for projects, including:

(A) assisting alliances in securing matching private sector funding for projects; and

(B) requiring alliances to develop sustainable plans:

(i) that demonstrate how the alliance will continue to obtain private sector services once the grant funding terminates;

(ii) that do not directly compete with local businesses, telecommunications providers, or information services providers; and

(iii) that prohibit a network created with assistance from the alliance or other public funding from being sold to a direct competitor of a private sector provider.

(b) Each community telecommunications alliance established under this section shall have an advisory council with representation from each of the following:

- (1) a local nonprofit organization;
- (2) a local county-elected official;
- (3) a local city-elected official;
- (4) a local telecommunications provider;
- (5) a local economic development group;
- (6) the local financial community; and
- (7) a local information services provider.

(c) This chapter may not be construed to:

(1) expand eligibility for private network services under Section 58.253(a) or 59.072(a), Utilities Code, to persons not eligible to purchase the services; or

(2) permit the direct or indirect sharing or resale of private network services with persons not eligible to purchase the services.

(d) A community telecommunications alliance created under this section shall offer the following local entities the opportunity to be included in the alliance:

(1) a library, as defined by Section 57.042, Utilities Code;

(2) a public school, as defined by Section 57.042, Utilities Code;

(3) a public not-for-profit health care facility, as defined by Section 57.042, Utilities Code; and

(4) a local institution of higher education, as defined by Section 57.042, Utilities Code.

Added by Acts 2003, 78th Leg., ch. 1151, Sec. 1, eff. Sept. 1, 2003.

Sec. 487.653. REPORT TO LEGISLATURE. Not later than January 1 of each odd-numbered year, the office and the board jointly shall submit to the legislature a report detailing the grant activities of the program and grant recipients. The report must include:

(1) the criteria used to quantify the effect grant funds had in advancing telecommunications connectivity and technology;

(2) data and performance measures used to quantify the achievement of program objectives; and

(3) a description of and results from a grant monitoring risk assessment and on-site review process.

Added by Acts 2003, 78th Leg., ch. 1151, Sec. 1, eff. Sept. 1, 2003.

Sec. 487.654. PROHIBITION. A community telecommunications alliance may not directly or indirectly:

- (1) provide telecommunications or information

services to the public;

(2) resell or share telecommunications or information services obtained through grants or loans received under Chapter 57, Utilities Code, with persons not eligible for the grants or loans; or

(3) provide or support the provision of telecommunications or information services in competition with a private sector provider.

Added by Acts 2003, 78th Leg., ch. 1151, Sec. 1, eff. Sept. 1, 2003.