

BILL ANALYSIS

Senate Research Center

H.B. 7
By: Chisum (Sibley)
State Affairs
5/11/2001
Committee Report (Amended)

DIGEST AND PURPOSE

Promoting economic development and ensuring the general welfare of rural communities in Texas is a continuing challenge for Texas state government. Social and economic forces in rural Texas have led to post offices and hospitals being closed or consolidated; home-owned cafes, department stores, and banks being replaced by national chains; smaller and smaller graduating classes; downtowns being bypassed by highway loops; and empty storefronts on main street. It is clear that rural Texas is in a state of transition. The future of rural communities lies in how well rural Texas communities adjust to the changes.

Recognizing that government is an economic pillar in rural areas, Speaker James E. "Pete" Laney appointed the House Select Committee on Rural Development whose mission it was to search for ways state, local, and federal governments can improve the quality of life in rural Texas. A major issue identified by the select committee is that there is no focus point at state or federal levels for rural policy formulation or implementation, which results in fragmented policies spread among a myriad of governmental agencies. All levels of government have a hand in developing and implementing rural policy and cooperation and coordination are essential to maximizing the effectiveness of policy programs.

H.B. 7 creates the Office of Rural Community Affairs as a stand-alone executive branch state agency to assure a continuing focus on rural issues, monitor governmental actions affecting rural Texas, research problems and recommended solutions, and coordinate rural programs among state agencies.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the executive committee of the Office of Rural Community Affairs in SECTION 1 (Sections 487.052, 487.109, 487.112, 487.159, 487.163, 487.204, 487.252, and 487.253, Government Code) and SECTION 3 (Section 487.401, Government Code) of this bill.

Rulemaking authority is expressly granted to the Office of Rural Community Affairs in SECTION 1 (Sections 487.104, 487.105, 487.302, 487.304, and 487.351, Government Code) and SECTION 9 (Section 204.104(b), Occupations Code) of this bill

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 4F, Government Code, by adding Chapter 487, as follows:

CHAPTER 487. OFFICE OF RURAL COMMUNITY AFFAIRS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 487.001. DEFINITIONS. Defines "executive committee" and "office."

Sec. 487.002. SUNSET PROVISION. Provides that the Office of Rural Community Affairs (office) is subject to Chapter 325 (Texas Sunset Act). Provides that, unless continued in

existence as provided by that chapter, the office is abolished and this chapter expires September 1, 2007.

[Sections 487.003-487.020 reserved for expansion]

SUBCHAPTER B. ADMINISTRATIVE PROVISIONS

Sec. 487.021. EXECUTIVE COMMITTEE. (a) Provides that the executive committee of the Office of Rural Community Affairs (executive committee) is the governing body of the office.

(b) Sets forth the composition of the executive committee.

(c) Requires the governor, the lieutenant governor, and the speaker of the house of representatives to 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) Requires appointments to the executive committee to be made without regard to the race, color, disability, sex, religion, age, or national origin of the appointees.

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

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

Sec. 487.022. CONFLICTS OF INTEREST. (a) Defines "Texas trade association."

(b) Prohibits a person from being a member of the executive committee and from being 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, under certain conditions.

(c) Prohibits a person from being a member of the executive committee or acting 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.

Sec. 487.023. TRAINING FOR MEMBERS OF EXECUTIVE COMMITTEE. (a) Prohibits a person who is appointed to and qualifies for office as a member of the executive committee from voting, deliberating, or being 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) Requires the training program to provide the person with certain information .

(c) Provides that 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.

Sec. 487.024. REMOVAL. Sets forth guidelines regarding removal from the executive committee.

Sec. 487.025. DIVISION OF RESPONSIBILITY. Requires the executive committee to 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.

Sec. 487.026. EXECUTIVE DIRECTOR. Authorizes the executive committee to hire an executive director to serve as the chief executive officer of the office and to perform the administrative duties of the office. Provides that the executive director serves at the will of the executive committee. Authorizes the executive director to hire staff within guidelines established by the executive committee.

Sec. 487.027. PUBLIC HEARINGS. Requires the executive committee to 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.

Sec. 487.028. EQUAL EMPLOYMENT OPPORTUNITY POLICY STATEMENT. Sets forth guidelines regarding the preparation and maintenance of a written equal employment opportunity policy statement.

Sec. 487.029. STANDARDS OF CONDUCT. Requires the executive director or the executive director's designee to 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.

Sec. 487.030. COMPLAINTS. Sets forth guidelines regarding complaints filed with the office.

[Reserves Sections 487.031-487.050 for expansion]

SUBCHAPTER C. GENERAL POWERS AND DUTIES

Sec. 487.051. POWERS AND DUTIES. Requires the office to perform certain functions.

Sec. 487.052. RULES. Authorizes the executive committee to adopt rules as necessary to implement this chapter.

Sec. 487.053. GIFTS AND GRANTS. Authorizes the office to accept gifts, grants, and donations from any organization for the purpose of funding any activity under this chapter, and requires the office to actively seek funding from appropriate nonprofit foundations. Requires all gifts, grants, and donations to 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.

Sec. 487.054. ANNUAL MEETING ON RURAL ISSUES. Requires certain agency heads, at least once each year, to meet to discuss rural issues. Requires the executive committee to call the annual meeting. Requires the executive committee to set the time and date of the meeting after consulting with the agency heads listed in this section.

Sec. 487.055. ADVISORY COMMITTEES. Authorizes the executive committee to appoint

advisory committees as necessary to assist the executive committee in performing its duties. Sets forth guidelines regarding an advisory committee under this section.

Sec. 487.056. **REPORT TO LEGISLATURE.** Requires the office, not later than January 1 of each odd-numbered year, to submit a biennial report to the legislature regarding the activities of the office and any findings and recommendations relating to rural issues.

Sec. 487.057. **RURAL HEALTH WORK PLAN.** Requires the office to develop, implement, and update a rural health work plan.

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

(c) Requires the office to work with certain entities to develop the rural health work plan. Requires the office to solicit public comment on the rural health work plan.

(d) Sets forth requirements for the rural health work plan.

Sec. 487.058. **CONTRACT FOR ADMINISTRATIVE SERVICES.** Requires the office to enter into an interagency contract with another state agency to provide routine administrative services for the office. Requires the Legislative Budget Board and the Department of Information Resources to perform certain functions.

[Reserves Sections 487.059-487.100 for expansion]

SUBCHAPTER D. OUTSTANDING RURAL SCHOLAR RECOGNITION AND LOAN PROGRAM FOR RURAL HEALTH CARE

Sec. 487.101. **DEFINITIONS.** Defines “selection committee,” “fund,” “postsecondary educational institution,” “program,” and “rural community.”

Sec. 487.102. **ADMINISTRATION.** Requires the office to administer or contract for the administration of the program.

Sec. 487.103. **SELECTION COMMITTEE.** Sets forth guidelines regarding the selection committee.

Sec. 487.104. **SELECTION OF OUTSTANDING RURAL SCHOLARS.** Sets forth guidelines regarding the selection of outstanding rural scholars to receive public recognition and a certificate of award be eligible for a forgivable loan, including criteria adopted as a rule by the office.

Sec. 487.105. **ELIGIBILITY FOR OUTSTANDING RURAL SCHOLAR COMPETITION.** Sets forth guidelines regarding eligibility for the competition under Section 487.104, including eligibility rules adopted by the office.

Sec. 487.106. **ELIGIBILITY FOR LOANS; RURAL COMMUNITY FINANCIAL SUPPORT.** Sets guidelines regarding community financial support and eligibility requirements for forgivable loans.

Sec. 487.107. **AWARDING OF LOANS.** Sets forth guidelines regarding the awarding of loans.

Sec. 487.108. **AMOUNT OF LOAN.** (a) Requires the selection committee, upon certain

conditions, to annually 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) Authorizes an outstanding rural scholar to 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 is prohibited from exceeding the reasonable needs of the scholar.

Sec. 487.109. LOAN FORGIVENESS. Sets forth guidelines regarding loan forgiveness or denied loan forgiveness, including reference to executive committee rule.

Sec. 487.110. FUND. Sets forth guidelines regarding the outstanding rural scholar fund.

Sec. 487.111. POSTSECONDARY EDUCATIONAL INSTITUTIONS; MONITORING.

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

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

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

(c) Requires the executive committee to 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.

[Reserves Sections 487.113-487.150 for expansion]

SUBCHAPTER E. HEALTH CAREERS PROMOTION AND EDUCATION PROGRAM

Sec. 487.151. DEFINITIONS. Defines “fund,” “postsecondary educational institution,” “program,” and “qualified area.”

Sec. 487.152. ADMINISTRATION. Requires the office to administer or contract for the administration of the program. Authorizes the office to solicit and accept gifts, grants, donations, and contributions to support the program.

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

Sec. 487.154. LOANS. Sets forth guidelines regarding the awarding of forgivable loans to students.

Sec. 487.155. STUDENT ELIGIBILITY. Sets forth requirements for eligibility for a loan under this subchapter.

Sec. 487.156. COMMUNITY ELIGIBILITY. Sets forth requirements for community sponsorship of a student under this subchapter. Sets forth guidelines regarding community sponsorship. Requires the executive committee to determine the percentage of educational expenses communities are required to provide under this section. Authorizes community financial support to be satisfied wholly or partly by a grant, a scholarship, or private foundation support.

Sec. 487.157. AMOUNT OF LOAN. (a) Authorizes the executive committee to award a forgivable loan to a student in a certain amount upon certain conditions.

(b) Authorizes an eligible student to 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 are prohibited from exceeding the reasonable needs of the student as determined by the postsecondary educational institution in which the student is enrolled.

Sec. 487.158. REQUIRED CONTRACT. Authorizes a student to 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. Sets forth requirements for the contract.

Sec. 487.159. LOAN FORGIVENESS. (a) Requires a loan recipient to 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 under certain conditions.

(b) Authorizes the executive committee, 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, by rule to 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.

Sec. 487.160. FUND. Establishes the health careers education fund and sets forth guidelines regarding the fund.

Sec. 487.161. REPORTING; MONITORING. Sets forth requirements regarding monitoring of the program and reports on the program. Requires the sponsoring community to 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. Requires a postsecondary educational institution to 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.

Sec. 487.162. PROGRAM PROMOTION. Requires the office to provide postsecondary educational institutions and communities in qualified areas with certain information

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

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

(c) Requires the executive committee to 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.

[Reserves Sections 487.164-487.200 for expansion]

SUBCHAPTER F. MEDICALLY UNDERSERVED COMMUNITY-STATE MATCHING INCENTIVE PROGRAM

Sec. 487.201. DEFINITIONS. Defines “medically underserved community,” “physician,” “primary care,” and “start-up money.”

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

(b) Authorizes a medically underserved community to sponsor certain physicians. 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) Authorizes a participating medically underserved community to provide start-up money to an eligible physician over a two-year period.

(d) Prohibits the executive committee from paying 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) Requires the executive committee to establish priorities so that the neediest communities eligible for assistance under this subchapter are assured the receipt of a grant.

Sec. 487.203. ELIGIBILITY. Sets forth eligibility requirements for a medically underserved community to receive money from the executive committee.

Sec. 487.204. RULES. Requires the executive committee to adopt rules necessary for the administration of this subchapter, including certain specific rules.

[Reserves Sections 487.205-487.250 for expansion]

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

Sec. 487.251. DEFINITIONS. Defines “medically underserved area” and “physician.”

Sec. 487.252. TEXAS HEALTH SERVICE CORPS PROGRAM. Requires the executive committee to establish a program in the office to assist communities in recruiting and retaining physicians to practice in medically underserved areas. Requires the executive committee by rule to perform certain functions.

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

(b) Prohibits the office from spending for the office's administrative costs in

administering the program more than 10 percent of the amount appropriated to implement this subchapter.

Sec. 487.254. **REQUIRED CONTRACT.** Authorizes the office to 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. Sets forth requirements for such a contract.

Sec. 487.255. **STIPENDS.** Sets forth guidelines regarding stipends awarded under this subchapter.

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

[Reserves Sections 487.257-487.300 for expansion]

SUBCHAPTER H. RURAL HEALTH FACILITY CAPITAL IMPROVEMENT

Sec. 487.301. **DEFINITIONS.** Defines “public hospital” and “rural county.”

Sec. 487.302. **POWERS OF OFFICE.** Authorizes the office, in administering this subchapter, to perform certain functions, including adopting rules necessary to implement the grant, loan, and loan guarantee program.

Sec. 487.303. **GRANT, LOAN, AND LOAN GUARANTEE PROGRAM.** Authorizes the office to 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. Authorizes a grant, loan, or loan guarantee recipient to use the money only for certain purposes.

Sec. 487.304. **ELIGIBILITY FOR GRANT, LOAN, OR LOAN GUARANTEE; INTEREST RATE.** Requires the office to adopt rules that establish eligibility criteria for receiving a grant, loan, or loan guarantee under this subchapter. Sets forth requirements for the rules.

SECTION 2. Transfers Sections 2306.098, 2306.099, and 2306.100, Government Code, to Chapter 487, Government Code, redesignates them as Subchapter I, Chapter 487, Government Code, and amends them as follows:

SUBCHAPTER I. COMMUNITY DEVELOPMENT BLOCK GRANT NONENTITLEMENT PROGRAM

Sec. 487.351. Redesignated from original Section 2306.098. Requires the office, rather than the department, under the Omnibus Budget Reconciliation Act of 1981 (Pub.L. No. 97-35) and 24 CFR, Part 570, Subpart I, to 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.). Makes a conforming change.

Sec. 487.352. Redesignated from original Section 2306.099. Authorizes the office to enter into an interagency agreement with the Department of Agriculture (rather than the Texas Department of Commerce) 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. Makes conforming changes. Requires the office to allocate not more than five percent of the funds allocated to the Department of Agriculture under this section to be used for county economic and management development.

Sec. 487.353. Redesignated from original Section 2306.100. Requires the committee to meet at least twice annually at the executive director's call. Makes conforming changes.

SECTION 3. Amends Chapter 487, Government Code, to add a new Subchapter J, as follows:

SUBCHAPTER J. DESIGNATING RURAL HOSPITALS

Sec. 487.401. ADMINISTRATION. Requires the executive committee to adopt certain rules. Requires the office, at the hospital's request, to designate the hospital as a rural hospital if the hospital meets certain requirements.

SECTION 4. Amends Section 38.011(j), Education Code, as added by Chapter 1418, Acts of the 76th Legislature, Regular Session, 1999, to provide that the requirements prescribed by Subsection (i) apply to a school-based health center serving an area that has been designated under state or federal law as a medically underserved community by the Office of Rural Community Affairs (rather than the Center for Rural Health Initiatives).

SECTION 5. Amends Section 51.918(a), Education Code, to require the Office of Rural Community Affairs (rather than the Center for Rural Health Initiatives in the Texas Department of Health) to cooperate to improve and expand programs for rural areas.

SECTION 6. Reenacts and amends Section 51.918(c), Education Code, as amended by Chapters 349 and 965, Acts of the 74th Legislature, Regular Session, 1995, to require the Office of Rural Community Affairs to develop relief service programs for rural physicians and allied health personnel to facilitate ready access to continuing medical education as well as (rather than or) to provide practice coverage for purposes other than continuing medical education.

SECTION 7. Amends Section 58.007(b)(1), Education Code, to make a conforming change.

SECTION 8. Amends Section 403.1065(c), Government Code, to authorize the available earnings of the fund to be appropriated to the Office of Rural Community Affairs for the purposes of Chapter 487H (rather than Chapter 106G), Health and Safety Code.

SECTION 9. Amends Section 86.011, Health and Safety Code, to make conforming changes.

SECTION 10. Amends Sections 204.104(b) and (c), Occupations Code, to make conforming changes.

SECTION 11. Repealer: Chapter 106 (Center for Rural Health Initiatives), Health and Safety Code.

SECTION 12. (a) Requires the governor, the lieutenant governor, and the speaker of the house of representatives, not later than November 1, 2001, to appoint the initial members of the executive committee of the Office of Rural Community Affairs in accordance with Chapter 487, Government Code, as added by this Act. Requires each appointing authority to appoint one member for a term expiring February 1, 2003, one member for a term expiring February 1, 2005, and one member for a term expiring February 1, 2007. Prohibits the executive committee from taking action until a majority of the members have taken office.

(b) Requires the Office of Rural Community Affairs to employ an executive director in accordance with Chapter 487, Government Code, as added by this Act, not later than December 1, 2001.

(c) Requires the executive committee, not later than the 60th day after the date of the first meeting of the executive committee of the Office of Rural Community Affairs, to select a presiding officer.

SECTION 13. (a) Provides that, on the date by which a majority of the members of the executive committee of the Office of Rural Community Affairs have taken office, the Center for Rural Health Initiatives is abolished and all powers, duties, obligations, rights, contracts, leases, records, property, and unspent and unobligated appropriations and other funds of the Center for Rural Health Initiatives are transferred to the Office of Rural Community Affairs.

(b) Provides that the abolishment of the Center for Rural Health Initiatives does not affect the validity of a right, privilege, or obligation accrued, a contract or acquisition made, any liability incurred, a permit or license issued, any penalty, forfeiture, or punishment assessed, a rule adopted, a proceeding, investigation, or remedy begun, a decision made, or other action taken by or in connection with the Center for Rural Health Initiatives.

(c) Provides that all rules, policies, procedures, and decisions of the Center for Rural Health Initiatives are continued in effect as rules, policies, procedures, and decisions of the Office of Rural Community Affairs until superseded by a rule or other appropriate action of the Office of Rural Community Affairs.

(d) Provides that any action or proceeding before the Center for Rural Health Initiatives is transferred without change in status to the Office of Rural Community Affairs, and the Office of Rural Community Affairs assumes, without a change in status, the position of the Center for Rural Health Initiatives in any action or proceeding to which the Center for Rural Health Initiatives is a party.

(e) Provides that the Office of Rural Community Affairs is authorized to employ the same number of full-time equivalent employees as the Center for Rural Health Initiatives.

(f) Provides that a fund foundation or account administered by the Center for Rural Health Initiatives is not considered to be abolished and re-created by this Act but is considered to be transferred to the Office of Rural Community Affairs.

(g) Requires the Center for Rural Health Initiatives, notwithstanding the changes in law made by this Act, until the date the Center for Rural Health Initiatives is abolished as provided by this Act, to continue to exercise the powers and duties assigned to the Center for Rural Health Initiatives under the law as it existed immediately before the effective date of this Act or as modified by another Act of the 77th Legislature, Regular Session, 2001, that becomes law, and the former law is continued in effect for that purpose.

SECTION 14. (a) Provides that, on the date by which a majority of the members of the executive committee of the Office of Rural Community Affairs have taken office, all powers, duties, obligations, rights, contracts, leases, records, personnel, property, and unspent and unobligated appropriations and other funds of the Texas Department of Housing and Community Affairs related to the federal community development block grant nonentitlement program and to the community affairs and community development program that provides information, advice, and training to officials of communities of less than 10,000 people, including appropriations relating to the indirect costs and general administrative support of those programs, are transferred to the Office of Rural Community Affairs.

(b) Provides that the transfer of the federal community development block grant nonentitlement program to the Office of Rural Community Affairs does not affect the validity of a right, privilege, or obligation accrued, a contract or acquisition made, any liability incurred, a permit

or license issued, any penalty, forfeiture, or punishment assessed, a rule adopted, a proceeding, investigation, or remedy begun, a decision made, or other action taken by or in connection with the program by the Texas Department of Housing and Community Affairs.

(c) Provides that all rules, policies, procedures, and decisions of the Texas Department of Housing and Community Affairs related to the federal community development block grant nonentitlement program are continued in effect as rules, policies, procedures, and decisions of the Office of Rural Community Affairs until superseded by a rule or other appropriate action of the Office of Rural Community Affairs.

(d) Provides that any action or proceeding before the Texas Department of Housing and Community Affairs related to the federal community development block grant nonentitlement program is transferred without change in status to the Office of Rural Community Affairs, and the Office of Rural Community Affairs assumes, without a change in status, the position of the Texas Department of Housing and Community Affairs in any action or proceeding related to the program to which the Texas Department of Housing and Community Affairs is a party.

(e) Provides that a reference to the Texas Department of Economic Development in a rule of the Texas Department of Housing and Community Affairs relating to the administration of the Texas Capital Fund means the Department of Agriculture.

(f) Provides that a fund or account administered by the Texas Department of Economic Development relating to the federal community development block grant nonentitlement program is not considered to be abolished and re-created by this Act but is considered to be transferred to the Office of Rural Community Affairs.

(g) Requires the Texas Department of Housing and Community Affairs and the Texas Department of Economic Development, notwithstanding the changes in law made by this Act, until the date the federal community development block grant nonentitlement program is transferred to the Office of Rural Community Affairs as provided by this Act, to continue to exercise the powers and duties assigned to the Texas Department of Housing and Community Affairs and the Texas Department of Economic Development, respectively, under the law as it existed immediately before the effective date of this Act or as modified by another Act of the 77th Legislature, Regular Session, 2001, that becomes law, and provides that the former law is continued in effect for that purpose.

SECTION 15. Requires the Office of Rural Community Affairs, not later than September 1, 2002, to evaluate the cost-effectiveness and other benefits of moving at least one-half of its operations to a location outside Travis County, Texas. Requires the office, if the evaluation indicates that the move would be beneficial and the Legislative Budget Office concurs, to undertake the move.

SECTION 16. Authorizes the executive director of the Office of Rural Community Affairs to change the duties of any employee who is transferred to the Office of Rural Community Affairs.

SECTION 17. Requires the Legislative Budget Board to resolve any disputes about which obligations, rights, contracts, leases, records, personnel, property, and unspent and unobligated appropriations or other funds are entitled to be transferred to the Office of Rural Community Affairs.

SECTION 18. Requires the Office of Rural Community Affairs, not later than December 1, 2002, to perform certain functions.

SECTION 19. (a) Provides that, except as provided by Subsection (b), this Act takes effect September 1, 2001.

(b) Provides that Section 487.023, Government Code, as added by this Act, takes

effect September 1, 2002.