

By: Thompson of Harris, Bonnen, Goldman,
Coleman, Meyer, et al.

H.B. No. 15

Substitute the following for H.B. No. 15:

By: Pacheco

C.S.H.B. No. 15

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Brain Institute of Texas; granting
authority to issue bonds.

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

SECTION 1. Subtitle H, Title 3, Education Code, is amended
by adding Chapter 157 to read as follows:

CHAPTER 157. BRAIN INSTITUTE OF TEXAS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 157.001. DEFINITIONS. In this chapter:

(1) "Higher education advisory committee" means the
Brain Institute of Texas Higher Education Advisory Committee.

(2) "Institute" means the Brain Institute of Texas.

(3) "Oversight committee" means the Brain Institute of
Texas Oversight Committee.

(4) "Peer review committee" means the Brain Institute
of Texas Peer Review Committee.

(5) "Program integration committee" means the Brain
Institute of Texas Program Integration Committee.

(6) "Research plan" means the Texas Brain Health and
Research Plan developed by the institute.

Sec. 157.002. PURPOSES. The Brain Institute of Texas is
established to:

(1) create and expedite innovation in brain research
to improve the health of residents of this state, enhance the

1 potential for a medical or scientific breakthrough in brain-related
2 sciences and biomedical research, and enhance the brain research
3 superiority of this state;

4 (2) attract, create, or expand research capabilities
5 of eligible institutions of higher education by awarding grants to
6 the institutions to promote a substantial increase in brain
7 research, strategies for prevention of brain-related diseases,
8 brain health initiatives, and the creation of jobs in this state;
9 and

10 (3) develop and implement a research plan to foster
11 synergistic collaboration and investigation into brain health and
12 research by eligible institutions of higher education and their
13 partners.

14 Sec. 157.003. SUNSET PROVISION. The Brain Institute of
15 Texas is subject to Chapter 325, Government Code (Texas Sunset
16 Act). Unless continued in existence as provided by that chapter,
17 the institute is abolished and this chapter expires September 1,
18 2032.

19 SUBCHAPTER B. POWERS AND DUTIES OF INSTITUTE

20 Sec. 157.051. POWERS AND DUTIES. (a) The institute:

21 (1) may make grants to further the purposes of this
22 chapter, including:

23 (A) implementing the research plan;

24 (B) researching:

25 (i) the causes of and prevention,
26 treatment, rehabilitation, and cures for brain-related diseases,
27 syndromes, disorders, dysfunction, injuries, developmental issues,

1 neurological health issues, mental and behavioral health issues,
2 and substance abuse disorders and other addictions; and

3 (ii) any other area impacting the brain,
4 including an area that directly or indirectly impacts or is
5 impacted by the brain or brain health, such as the gut microbiome,
6 nutrition, and the spinal cord or nervous system, that the peer
7 review committee and the oversight committee approve;

8 (C) providing money for facilities, equipment,
9 supplies, salaries, benefits, and other costs related to brain
10 research; and

11 (D) establishing prevention programs and
12 strategies to mitigate the incidence of detrimental health impacts
13 on the brain;

14 (2) shall collaborate with relevant state agencies,
15 coordinating councils, and consortiums to enhance brain-related
16 health care and research;

17 (3) may establish appropriate standards and oversight
18 bodies to ensure money authorized under this chapter is properly
19 used for the purposes of this chapter;

20 (4) may employ necessary staff to provide
21 administrative support to the institute;

22 (5) shall monitor grant contracts and agreements
23 authorized under this chapter to ensure each grant recipient
24 complies with the terms and conditions of the contract or
25 agreement;

26 (6) shall ensure that all grant proposals comply with
27 this chapter and rules adopted under this chapter before the

1 proposals are submitted to the oversight committee for approval;

2 (7) shall establish procedures to document that the
3 institute, its employees, and any committee members appointed under
4 this chapter comply with all rules governing conflicts of interest
5 and the peer review process developed under Section 157.252; and

6 (8) shall create a statewide research and clinical
7 data registry for brain research.

8 (b) The institute shall establish a program integration
9 committee composed of:

10 (1) the institute's chief executive officer;

11 (2) three senior-level institute employees
12 responsible for program policy and oversight appointed by the chief
13 executive officer, with the approval of a simple majority of the
14 members of the oversight committee; and

15 (3) the executive commissioner of the Health and Human
16 Services Commission or the executive commissioner's designee.

17 (c) The institute's chief executive officer shall serve as
18 the presiding officer of the program integration committee.

19 (d) The program integration committee has the duties
20 assigned under this chapter.

21 (e) The institute shall implement and monitor the research
22 plan and revise the plan as necessary.

23 Sec. 157.052. CHIEF EXECUTIVE OFFICER; CHIEF COMPLIANCE
24 OFFICER; ADDITIONAL OFFICERS. (a) The oversight committee shall
25 hire a chief executive officer. The chief executive officer shall
26 perform the duties required under this chapter or designated by the
27 oversight committee. The chief executive officer must have a

1 demonstrated ability to lead and develop academic, commercial, and
2 governmental partnerships and coalitions.

3 (b) The institute shall employ a chief compliance officer to
4 monitor compliance with this chapter and rules adopted under this
5 chapter and report incidents of noncompliance to the oversight
6 committee. The chief compliance officer shall:

7 (1) ensure that all grant proposals comply with this
8 chapter and rules adopted under this chapter before the proposals
9 are submitted to the oversight committee for consideration and
10 approval; and

11 (2) attend and observe peer review committee meetings
12 to ensure compliance with this chapter and rules adopted under this
13 chapter.

14 (c) The chief compliance officer may appoint as the
15 officer's designee another institute employee to attend and observe
16 one or more peer review committee meetings to ensure compliance
17 with this chapter and rules adopted under this chapter if the chief
18 compliance officer is unable to attend the meeting.

19 (d) The chief executive officer may hire any other officer
20 position the chief executive officer determines necessary for
21 efficient operation of the institute.

22 Sec. 157.053. ANNUAL REPORT; INTERNET POSTING. Not later
23 than January 31 of each year, the institute shall prepare and submit
24 to the governor, the lieutenant governor, the speaker of the house
25 of representatives, and each standing committee of the legislature
26 having primary jurisdiction over institute matters and post on the
27 institute's Internet website a written report that outlines:

- 1 (1) the institute's activities under this chapter;
- 2 (2) a list of grant recipients during the preceding
3 state fiscal year, including the grant amount awarded to each
4 recipient;
- 5 (3) any research accomplishments made during the
6 preceding state fiscal year by a grant recipient or the recipient's
7 partners;
- 8 (4) an overview summary of the institute's financial
9 records and strategies;
- 10 (5) an assessment of the relationship between the
11 institute's grants and the strategy of its research program;
- 12 (6) a statement of the institute's strategic research
13 plans;
- 14 (7) an estimate of the amount of money brain disease
15 has cost this state during the most recent state fiscal year for
16 which data is available, including the amounts spent by this state
17 relating to brain disease by the Medicaid program, the Teacher
18 Retirement System of Texas, and the Employees Retirement System of
19 Texas;
- 20 (8) a statement of the institute's compliance program
21 activities, including any proposed legislation or other
22 recommendations identified through the activities;
- 23 (9) for the preceding state fiscal year:
 - 24 (A) a list of any conflicts of interest under
25 this chapter or rules adopted under this chapter;
 - 26 (B) any conflicts of interest that require
27 recusal under Section 157.107;

1 (C) any unreported conflicts of interest
2 confirmed by an investigation conducted under Section 157.109,
3 including any actions taken by the institute regarding an
4 unreported conflict of interest and subsequent investigation; and

5 (D) any waivers granted through the process
6 established under Section 157.108; and

7 (10) the institute's future direction.

8 Sec. 157.054. INDEPENDENT FINANCIAL AUDIT FOR REVIEW BY
9 COMPTROLLER. (a) The institute shall annually commission an
10 independent financial audit of its activities from a certified
11 public accounting firm. The institute shall provide the audit to
12 the comptroller.

13 (b) The comptroller shall review and evaluate the audit and
14 annually issue a public report of that review.

15 (c) The oversight committee shall review the annual
16 financial audit, the comptroller's report and evaluation of that
17 audit, and the financial practices of the institute.

18 Sec. 157.055. GRANT RECORDS. (a) The institute shall
19 maintain complete records of:

20 (1) the review of each grant application submitted to
21 the institute, including the score assigned to each grant
22 application reviewed by the peer review committee in accordance
23 with rules adopted under Section 157.253, regardless of whether the
24 grant application is not funded by the institute or is withdrawn
25 after submission to the institute;

26 (2) each grant recipient's financial reports;

27 (3) each grant recipient's progress reports; and

1 (4) the institute's review of the grant recipient's
2 financial and progress reports.

3 (b) The institute shall keep the records described by
4 Subsection (a) for at least 15 years.

5 Sec. 157.056. GIFTS AND GRANTS. The institute may solicit
6 and accept gifts and grants from any source for the purposes of this
7 chapter.

8 Sec. 157.057. PROHIBITED OFFICE LOCATION. An institute
9 employee may not have an office located in a facility owned by an
10 entity receiving or applying to receive money from the institute.

11 SUBCHAPTER C. OVERSIGHT COMMITTEE

12 Sec. 157.101. COMPOSITION OF OVERSIGHT COMMITTEE. (a) The
13 oversight committee is the governing body of the institute.

14 (b) The oversight committee is composed of the following
15 nine members:

16 (1) three members appointed by the governor;

17 (2) three members appointed by the lieutenant
18 governor; and

19 (3) three members appointed by the speaker of the
20 house of representatives.

21 (c) A person may not be a member of the oversight committee
22 if the person or the person's spouse:

23 (1) is employed by or participates in the management
24 of an entity or collaborative partner receiving money from the
25 institute;

26 (2) owns or controls, directly or indirectly, an
27 interest in an entity or collaborative partner receiving money from

1 the institute; or

2 (3) uses or receives a substantial amount of tangible
3 goods, services, or money from the institute, other than
4 reimbursement authorized by this chapter for oversight committee
5 membership, attendance, or expenses.

6 Sec. 157.102. REMOVAL. (a) It is a ground for removal from
7 the oversight committee that a member:

8 (1) is ineligible for membership under Section
9 157.101(c);

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

13 (3) is absent from more than half of the regularly
14 scheduled oversight committee meetings that the member is eligible
15 to attend during a calendar year without an excuse approved by a
16 majority vote of the committee.

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

20 (c) If the institute's chief executive officer has
21 knowledge that a potential ground for removal exists, the chief
22 executive officer shall notify the presiding officer of the
23 oversight committee of the potential ground. The presiding officer
24 shall then notify the appointing authority and the attorney general
25 that a potential ground for removal exists. If the potential ground
26 for removal involves the presiding officer, the chief executive
27 officer shall notify the next highest ranking officer of the

1 oversight committee, who shall then notify the appointing authority
2 and the attorney general that a potential ground for removal
3 exists.

4 Sec. 157.103. TERMS; VACANCY. (a) Oversight committee
5 members serve at the pleasure of the appointing authority for
6 staggered six-year terms, with the terms of three members expiring
7 January 31 of each even-numbered year.

8 (b) If a vacancy occurs on the oversight committee, the
9 appropriate appointing authority shall appoint a successor in the
10 same manner as the original appointment to serve for the remainder
11 of the unexpired term. The appropriate appointing authority shall
12 appoint the successor not later than the 30th day after the date the
13 vacancy occurs.

14 Sec. 157.104. OFFICERS. (a) The oversight committee shall
15 elect a presiding officer and assistant presiding officer from
16 among its members every two years. The oversight committee may
17 elect additional officers from among its members.

18 (b) The presiding officer and assistant presiding officer
19 may not serve in the position to which the officer was elected for
20 consecutive terms.

21 (c) The oversight committee shall:

22 (1) establish and approve duties and responsibilities
23 for officers of the committee; and

24 (2) develop and implement policies that distinguish
25 the responsibilities of the oversight committee and the committee's
26 officers from the responsibilities of the chief executive officer
27 and institute employees.

1 Sec. 157.105. EXPENSES. A member of the oversight
2 committee is not entitled to compensation but is entitled to
3 reimbursement for actual and necessary expenses incurred in
4 attending meetings of the committee or performing other official
5 duties authorized by the presiding officer.

6 Sec. 157.106. CONFLICT OF INTEREST. (a) The oversight
7 committee shall adopt conflict-of-interest rules, based on
8 standards adopted by the National Institutes of Health, to govern
9 members of the oversight committee, the program integration
10 committee, the peer review committee, and institute employees.

11 (b) An institute employee, oversight committee member,
12 program integration committee member, or peer review committee
13 member shall recuse himself or herself, as provided by Section
14 157.107(a), (b), or (c), as applicable, if the employee or member,
15 or a person who is related to the employee or member within the
16 second degree of affinity or consanguinity, has a professional or
17 financial interest in an entity receiving or applying to receive
18 money from the institute.

19 (c) A person has a professional interest in an entity
20 receiving or applying to receive money from the institute if the
21 person:

22 (1) is a member of the board of directors, another
23 governing board, or any committee of the entity, or of a foundation
24 or similar organization affiliated with the entity, during the same
25 grant cycle;

26 (2) serves as an elected or appointed officer of the
27 entity;

1 (3) is an employee of or is negotiating future
2 employment with the entity;

3 (4) represents the entity;

4 (5) is a professional associate of a primary member of
5 the entity's project team;

6 (6) is, or within the preceding six years has been, a
7 student, postdoctoral associate, or part of a laboratory research
8 group for a primary member of the entity's project team; or

9 (7) is engaged or is actively planning to be engaged in
10 collaboration with a primary member of the entity's project team.

11 (d) A person has a financial interest in an entity receiving
12 or applying to receive money from the institute if the person:

13 (1) owns or controls, directly or indirectly, an
14 ownership interest, including sharing in profits, proceeds, or
15 capital gains, in an entity receiving or applying to receive money
16 from the institute; or

17 (2) could reasonably foresee that an action taken by
18 the institute, the peer review committee, the program integration
19 committee, or the oversight committee could result in a financial
20 benefit to the person.

21 (e) Nothing in this chapter limits the authority of the
22 oversight committee to adopt additional conflict-of-interest
23 standards.

24 Sec. 157.107. DISCLOSURE OF CONFLICT OF INTEREST; RECUSAL.

25 (a) If an oversight committee member or program integration
26 committee member has a conflict of interest as described by Section
27 157.106 regarding an application that comes before the member for

1 review or other action, the member shall:

2 (1) provide written notice to the chief executive
3 officer and the presiding officer of the oversight committee or the
4 next ranking member of the committee if the presiding officer has
5 the conflict of interest;

6 (2) disclose the conflict of interest in an open
7 meeting of the oversight committee; and

8 (3) recuse himself or herself from participating in
9 the review, discussion, deliberation, and vote on the application
10 and from accessing information regarding the matter to be decided.

11 (b) If an institute employee has a conflict of interest
12 described by Section 157.106 regarding an application that comes
13 before the employee for review or other action, the employee shall:

14 (1) provide written notice to the chief executive
15 officer of the conflict of interest; and

16 (2) recuse himself or herself from participating in
17 the review of the application and be prevented from accessing
18 information regarding the matter to be decided.

19 (c) If a peer review committee member has a conflict of
20 interest described by Section 157.106 regarding an application that
21 comes before the member's committee for review or other action, the
22 member shall:

23 (1) provide written notice to the chief executive
24 officer of the conflict of interest; and

25 (2) recuse himself or herself from participating in
26 the review, discussion, deliberation, and vote on the application
27 and from accessing information regarding the matter to be decided.

1 (d) An oversight committee member, program integration
2 committee member, peer review committee member, or institute
3 employee with a conflict of interest may seek a waiver as provided
4 by Section 157.108.

5 (e) An oversight committee member, program integration
6 committee member, peer review committee member, or institute
7 employee who reports a potential conflict of interest or another
8 impropriety or self-dealing of the member or employee and who fully
9 complies with the recommendations of the general counsel and
10 recusal requirements is considered in compliance with the
11 conflict-of-interest provisions of this chapter. The member or
12 employee is subject to other applicable laws, rules, requirements,
13 and prohibitions.

14 (f) An oversight committee member, program integration
15 committee member, peer review committee member, or institute
16 employee who intentionally violates this section is subject to
17 removal from further participation in the institute's grant review
18 process.

19 Sec. 157.108. EXCEPTIONAL CIRCUMSTANCES REQUIRING
20 PARTICIPATION. The oversight committee shall adopt rules governing
21 the waiver of the conflict-of-interest requirements of this chapter
22 under exceptional circumstances for an oversight committee member,
23 program integration committee member, peer review committee
24 member, or institute employee. The rules must:

25 (1) authorize the chief executive officer or an
26 oversight committee member to propose the granting of a waiver by
27 submitting to the presiding officer of the oversight committee a

1 written statement about the conflict of interest, the exceptional
2 circumstance requiring the waiver, and any proposed limitations to
3 the waiver;

4 (2) require a proposed waiver to be publicly reported
5 at a meeting of the oversight committee;

6 (3) require a majority vote of the oversight committee
7 members present and voting to grant a waiver;

8 (4) require any waiver granted to be reported annually
9 to the lieutenant governor, the speaker of the house of
10 representatives, the governor, and the standing committee of each
11 house of the legislature with primary jurisdiction over institute
12 matters; and

13 (5) require the institute to retain documentation of
14 each waiver granted.

15 Sec. 157.109. INVESTIGATION OF UNREPORTED CONFLICTS OF
16 INTEREST. (a) An oversight committee member, a program
17 integration committee member, a peer review committee member, or an
18 institute employee who becomes aware of a potential conflict of
19 interest described by Section 157.106 that has not been reported
20 shall immediately notify the chief executive officer of the
21 potential conflict of interest. On notification, the chief
22 executive officer shall notify the presiding officer of the
23 oversight committee and the general counsel, who shall determine
24 the nature and extent of any unreported conflict.

25 (b) A grant applicant seeking an investigation regarding
26 whether a prohibited conflict of interest was not reported shall
27 file a written request with the institute's chief executive

1 officer. The applicant must:

2 (1) include in the request all facts regarding the
3 alleged conflict of interest; and

4 (2) submit the request not later than the 30th day
5 after the date the chief executive officer presents final funding
6 recommendations for the affected grant cycle to the oversight
7 committee.

8 (c) On notification of an alleged conflict of interest under
9 Subsection (a) or (b), the institute's general counsel shall:

10 (1) investigate the matter; and

11 (2) provide to the chief executive officer and
12 presiding officer of the oversight committee an opinion that
13 includes:

14 (A) a statement of facts;

15 (B) a determination of whether a conflict of
16 interest or another impropriety or self-dealing exists; and

17 (C) if the opinion provides that a conflict of
18 interest or another impropriety or self-dealing exists,
19 recommendations for an appropriate course of action.

20 (d) If the conflict of interest, impropriety, or
21 self-dealing involves the presiding officer of the oversight
22 committee, the institute's general counsel shall provide the
23 opinion to the next ranking oversight committee member who is not
24 involved with the conflict of interest, impropriety, or
25 self-dealing.

26 (e) After receiving the opinion and consulting with the
27 presiding officer of the oversight committee, the chief executive

1 officer shall take action regarding the recusal of the individual
2 from any discussion of or access to information related to the
3 conflict of interest or other recommended action related to the
4 impropriety or self-dealing. If the alleged conflict of interest,
5 impropriety, or self-dealing is held by, or is an act of, the chief
6 executive officer, the presiding officer of the oversight committee
7 shall take actions regarding the recusal or other action.

8 Sec. 157.110. FINAL DETERMINATION OF UNREPORTED CONFLICT OF
9 INTEREST. (a) The chief executive officer or, if applicable, the
10 presiding officer of the oversight committee shall make a
11 determination regarding the existence of an unreported conflict of
12 interest described by Section 157.109 or other impropriety or
13 self-dealing. The determination must specify any actions to be
14 taken to address the conflict of interest, impropriety, or
15 self-dealing, including:

16 (1) reconsideration of the application; or
17 (2) referral of the application to another peer review
18 committee for review.

19 (b) The determination made under Subsection (a) is
20 considered final unless three or more oversight committee members
21 request that the issue be added to the agenda of the oversight
22 committee.

23 (c) The chief executive officer or, if applicable, the
24 presiding officer of the oversight committee, shall provide written
25 notice of the final determination, including any further actions to
26 be taken, to the grant applicant requesting the investigation.

27 (d) Unless specifically determined by the chief executive

1 officer, if applicable, the presiding officer of the oversight
2 committee, or the oversight committee, the validity of an action
3 taken on a grant application is not affected by the fact that an
4 individual who failed to report a conflict of interest participated
5 in the action.

6 Sec. 157.111. RULEMAKING AUTHORITY. The oversight
7 committee may adopt rules to administer this chapter.

8 Sec. 157.112. POWERS AND DUTIES. The oversight committee
9 shall:

10 (1) hire a chief executive officer;

11 (2) annually set priorities as prescribed by the
12 legislature for each grant project that receives money under this
13 chapter; and

14 (3) consider the priorities set under Subdivision (2)
15 in awarding grants under this chapter.

16 Sec. 157.113. CODE OF CONDUCT. The oversight committee
17 shall adopt a code of conduct applicable to each member of the
18 oversight committee, the program integration committee, and the
19 peer review committee and each institute employee.

20 Sec. 157.114. FINANCIAL STATEMENT REQUIRED. Each member of
21 the oversight committee shall file with the chief compliance
22 officer a verified financial statement complying with Sections
23 572.022 through 572.0252, Government Code, as required of a state
24 officer by Section 572.021, Government Code.

25 SUBCHAPTER D. OTHER INSTITUTE COMMITTEES

26 Sec. 157.151. PEER REVIEW COMMITTEE. (a) The oversight
27 committee shall establish the peer review committee. The chief

1 executive officer, with approval by a simple majority of the
2 members of the oversight committee, shall appoint as members of the
3 peer review committee experts in fields related to the brain,
4 including research, health care, disease treatment and prevention,
5 and other study areas.

6 (b) The oversight committee shall adopt a written policy on
7 in-state or out-of-state residency requirements for peer review
8 committee members.

9 (c) A peer review committee member may receive an
10 honorarium. Subchapter B, Chapter 2254, Government Code, does not
11 apply to an honorarium the member receives under this chapter.

12 (d) The chief executive officer, in consultation with the
13 oversight committee, shall adopt a policy regarding honoraria and
14 document any change in the amount of honoraria paid to a member of
15 the peer review committee, including information explaining the
16 basis for that change.

17 (e) A member of the peer review committee appointed under
18 this chapter may not serve on the board of directors or other
19 governing board of an entity or the entity's collaborator receiving
20 a grant from the institute.

21 (f) Members of the peer review committee serve for terms as
22 determined by the chief executive officer.

23 Sec. 157.152. HIGHER EDUCATION ADVISORY COMMITTEE. (a)
24 The higher education advisory committee is composed of the
25 following members:

26 (1) one member appointed by the president of Baylor
27 College of Medicine;

- 1 (2) one member appointed by the president of Texas A&M
2 University Health Science Center;
- 3 (3) one member appointed by the president of Texas
4 Tech University Health Sciences Center;
- 5 (4) one member appointed by the president of Texas
6 Tech University Health Sciences Center at El Paso;
- 7 (5) one member appointed by the president of The
8 University of Texas Southwestern Medical Center;
- 9 (6) one member appointed by the president of The
10 University of Texas Medical Branch at Galveston;
- 11 (7) one member appointed by the president of The
12 University of Texas Health Science Center at Houston;
- 13 (8) one member appointed by the president of The
14 University of Texas Health Science Center at San Antonio;
- 15 (9) one member appointed by the president of The
16 University of Texas Health Science Center at Tyler;
- 17 (10) one member appointed by the dean of Dell Medical
18 School at The University of Texas at Austin;
- 19 (11) one member appointed by the president of The
20 University of Texas M. D. Anderson Cancer Center;
- 21 (12) one member appointed by the dean of The
22 University of Texas Rio Grande Valley School of Medicine;
- 23 (13) one member appointed by the president of
24 University of North Texas Health Science Center at Fort Worth;
- 25 (14) one member appointed by the dean of University of
26 Houston College of Medicine; and
- 27 (15) one member appointed by the dean of Sam Houston

1 State University College of Osteopathic Medicine.

2 (b) The higher education advisory committee shall advise
3 the oversight committee, the program integration committee, and the
4 peer review committee on issues, opportunities, the role of higher
5 education, and other subjects involving brain research.

6 Sec. 157.153. AD HOC ADVISORY COMMITTEE. (a) The oversight
7 committee, as necessary, may create additional ad hoc advisory
8 committees of experts to advise the oversight committee and the
9 peer review committee on issues relating to brain research, brain
10 health, brain-related diseases, spinal cord injuries, traumatic
11 brain injuries, mental and behavioral health issues, including
12 substance abuse disorders and other addictions, or other brain- or
13 neurological-related issues.

14 (b) Ad hoc committee members shall serve for the terms
15 determined by the oversight committee.

16 SUBCHAPTER E. FUNDING

17 Sec. 157.201. BRAIN INSTITUTE OF TEXAS RESEARCH FUND. (a)
18 The Brain Institute of Texas research fund is a dedicated account in
19 the general revenue fund.

20 (b) The Brain Institute of Texas research fund consists of:
21 (1) appropriations of money to the fund by the
22 legislature, except that the appropriated money does not include
23 the proceeds from the issuance of bonds authorized by Section 68,
24 Article III, Texas Constitution;
25 (2) gifts and grants, including grants from the
26 federal government, and other donations received for the fund; and
27 (3) interest earned on the investment of money in the

1 fund.

2 (c) The fund may only be used for:

3 (1) the award of grants authorized under this chapter,
4 including grants for brain research and for research facilities in
5 this state to conduct brain research;

6 (2) the purchase, subject to approval by the oversight
7 committee, of research facilities by or for a grant recipient;

8 (3) the operation of the institute;

9 (4) debt service on bonds issued as authorized by
10 Section 68, Article III, Texas Constitution; and

11 (5) the payment of the costs of issuing the bonds and
12 related bond administration costs of the Texas Public Finance
13 Authority.

14 Sec. 157.202. ISSUANCE OF GENERAL OBLIGATION BONDS. (a)
15 The institute may request the Texas Public Finance Authority to
16 issue and sell general obligation bonds of the state as authorized
17 by Section 68, Article III, Texas Constitution.

18 (b) The Texas Public Finance Authority may not issue and
19 sell general obligation bonds authorized by this section before
20 January 1, 2022, and may not issue and sell more than \$300 million
21 in general obligation bonds authorized by this section in a state
22 fiscal year.

23 (c) The institute shall determine, and include in its
24 request for issuing bonds, the amount, exclusive of costs of
25 issuance, of the bonds to be issued and the preferred time for
26 issuing the bonds.

27 (d) The Texas Public Finance Authority shall issue the bonds

1 in accordance with and subject to Chapter 1232, Government Code,
2 and Texas Public Finance Authority rules. The bonds may be issued in
3 installments.

4 (e) Proceeds of the bonds issued under this section shall be
5 deposited to the credit of the Brain Institute of Texas research
6 fund and used only for the purposes authorized under Section
7 157.201.

8 Sec. 157.203. AUTHORIZED USE OF GRANT MONEY. (a) A grant
9 recipient awarded money from the Brain Institute of Texas research
10 fund established under Section 157.201 may use the money for
11 research consistent with the purposes of this chapter and in
12 accordance with a contract between the grant recipient and the
13 institute.

14 (b) Money awarded under this chapter may be used for
15 authorized expenses, including honoraria, salaries and benefits,
16 travel, conference fees and expenses, consumable supplies, other
17 operating expenses, contracted research and development, capital
18 equipment, and construction or renovation of state or private
19 facilities.

20 (c) Not more than five percent of the money awarded under
21 this subchapter in a state fiscal year may be used for facility
22 purchase, construction, remodel, or renovation purposes during
23 that year. Expenditures of money awarded under this subchapter for
24 facility purchase, construction, remodel, or renovation projects
25 must benefit brain research.

26 (d) Not more than 10 percent of the money appropriated by
27 the legislature for grants in a state fiscal year may be used for

1 prevention projects and strategies to mitigate the incidence of
2 detrimental health impacts on the brain during that year.

3 Sec. 157.204. PREFERENCE FOR TEXAS BUSINESSES. If the
4 Texas Public Finance Authority contracts with a private entity to
5 issue bonds under this subchapter, the Texas Public Finance
6 Authority shall consider:

7 (1) contracting with an entity that has its principal
8 place of business in this state; and

9 (2) using a historically underutilized business as
10 defined by Section 2161.001, Government Code.

11 SUBCHAPTER F. PROCEDURE FOR AWARDING GRANTS

12 Sec. 157.251. ELIGIBLE GRANT RECIPIENTS. (a) A public or
13 private institution of higher education in this state, including
14 any institution of higher education under Section 61.003, is
15 eligible for a grant award under this chapter.

16 (b) A grant recipient may use the money received from a
17 grant awarded under this chapter for purposes of this chapter and in
18 a collaborative partnership with:

19 (1) another eligible institution in this state,
20 including a historically black college or university;

21 (2) a nonprofit or for-profit organization in this
22 state;

23 (3) a health care organization in this state;

24 (4) a branch of the United States armed forces for a
25 project based in this state;

26 (5) a private company in this state;

27 (6) a federal, state, or local government for a

1 project based in this state; or

2 (7) another relevant person or organization in this
3 state.

4 Sec. 157.252. AWARD REVIEW PROCESS. The institute shall
5 use a peer review process to evaluate and recommend all grants
6 awarded by the oversight committee under this chapter.

7 Sec. 157.253. GRANT AWARD RULES AND PROCEDURES. (a) The
8 oversight committee shall adopt rules establishing procedures for
9 awarding grants under Subchapter E. The rules must require:

10 (1) the peer review committee to score grant
11 applications and make recommendations to the program integration
12 committee and the oversight committee regarding the award of
13 grants, including the creation of a prioritized list that:

14 (A) ranks the grant applications in the order the
15 peer review committee determines applications should be funded; and

16 (B) includes information explaining the reasons
17 each grant application on the list meets the peer review
18 committee's standards for recommendation; and

19 (2) the program integration committee to submit to the
20 oversight committee a list of grant applications the program
21 integration committee by majority vote approved for recommendation
22 that:

23 (A) includes documentation on the factors the
24 program integration committee considered in making the grant
25 recommendations;

26 (B) is substantially based on the list submitted
27 by the peer review committee under Subdivision (1); and

1 (C) to the extent possible, gives priority to
2 proposals that:

3 (i) align with the research plan;

4 (ii) align with state priorities and needs,
5 including priorities and needs outlined in other state agency
6 strategic plans, or address federal or other major research
7 sponsors' priorities in scientific or technological fields in the
8 area of brain research;

9 (iii) enhance the research superiority at
10 eligible institutions of higher education by creating new research
11 superiority, attracting existing research superiority, or
12 enhancing existing research superiority;

13 (iv) benefit the residents of this state,
14 including a demonstrable economic or job creation benefit to this
15 state; and

16 (v) if applicable, are interdisciplinary or
17 interinstitutional, or have collaborators or partnerships.

18 (b) A member of a peer review committee may not attempt to
19 use the committee member's official position to influence a
20 decision to approve or award a grant or contract to the committee
21 member's employer.

22 (c) The chief executive officer shall submit a written
23 affidavit for each grant application recommendation included on the
24 list submitted to the oversight committee under Subsection (a)(2).
25 The affidavit must contain all relevant information on:

26 (1) the peer review process for the grant application;
27 and

1 (2) the application's peer review score assigned by
2 the peer review committee.

3 (d) A member of the program integration committee may not
4 discuss a grant applicant recommendation with a member of the
5 oversight committee unless the chief executive officer and the
6 program integration committee have fulfilled the requirements of
7 Subsections (a)(2) and (c), as applicable.

8 (e) Two-thirds of the members of the oversight committee
9 present and voting must vote to approve each funding recommendation
10 made by the program integration committee. If the oversight
11 committee does not approve a funding recommendation made by the
12 program integration committee, a statement explaining the reasons
13 the funding recommendation was not followed must be included in the
14 minutes of the meeting.

15 (f) The oversight committee may not award more than \$300
16 million in grants under this chapter in a state fiscal year.

17 (g) The institute may not award a grant to an applicant who
18 has made a gift or grant with a value that exceeds \$50 to the
19 institute, an oversight committee member, or an institute employee
20 on or after January 1, 2022. The oversight committee may waive this
21 exclusion under rules adopted under Section 157.108.

22 Sec. 157.254. MULTIYEAR PROJECTS. (a) The oversight
23 committee may award grant money for a multiyear project.

24 (b) If the oversight committee awards grant money to fund
25 the multiyear project, the committee must specify the total amount
26 of that money awarded in the state fiscal year that the project is
27 approved. The institute shall distribute only the amount of grant

1 money that the grant recipient will spend during that fiscal year.
2 The institute shall distribute the remaining grant money as the
3 grant recipient needs in each subsequent state fiscal year.

4 Sec. 157.255. CONTRACT TERMS. (a) Before awarding a grant
5 under this chapter, the institute shall enter into a written
6 contract with the grant recipient. The contract may specify that:

7 (1) except for awards to state agencies or public
8 institutions of higher education, if all or any portion of the
9 amount of the grant is used to build a capital improvement:

10 (A) the state retains a lien or other interest in
11 the capital improvement in proportion to the percentage of the
12 grant amount used to pay for the capital improvement; and

13 (B) the grant recipient shall, if the capital
14 improvement is sold:

15 (i) repay to the state the grant money used
16 to pay for the capital improvement, with interest at the rate and
17 according to the other terms provided by the contract; and

18 (ii) share with the state a proportionate
19 amount of any profit realized from the sale;

20 (2) if the grant recipient does not use grant money
21 awarded under Subchapter E for the purposes approved by the
22 oversight committee, the recipient shall repay to this state that
23 amount and any related interest applicable under the grant contract
24 at the agreed rate and on the agreed terms; and

25 (3) if the grant recipient fails to meet the terms and
26 conditions of the contract, the institute may terminate the
27 contract using the written process prescribed in the contract and

1 require the recipient to repay to this state the grant money awarded
2 under Subchapter E and any related interest applicable under the
3 contract at the agreed rate and on the agreed terms.

4 (b) The oversight committee shall adopt rules to administer
5 this section.

6 Sec. 157.256. PATENT ROYALTIES AND LICENSE REVENUES. (a)
7 The oversight committee shall establish standards requiring all
8 grant awards to be subject to an intellectual property agreement
9 that allows this state to collect royalties, income, and other
10 benefits, including interest or proceeds resulting from securities
11 and equity ownership, realized as a result of projects undertaken
12 with money awarded under Subchapter E. The oversight committee may
13 exempt state agencies and public institutions of higher education
14 from the standards.

15 (b) In determining this state's interest in any
16 intellectual property rights and revenue sharing, the oversight
17 committee shall balance the opportunity of this state to benefit
18 from the patents, royalties, licenses, and other benefits that
19 result from basic research, therapy development, and clinical
20 trials with the need to ensure that essential medical research is
21 not unreasonably hindered by the intellectual property agreement
22 and that the agreement does not unreasonably remove the incentive
23 on the part of the individual researcher, research team, or
24 institution.

25 (c) The oversight committee may transfer its management and
26 disposition authority over this state's interest in securities,
27 equities, royalties, income, and other benefits realized as a

1 result of projects undertaken with money awarded under Subchapter E
2 to the Texas Treasury Safekeeping Trust Company. If the oversight
3 committee transfers management and disposition authority to the
4 trust company, the company has all powers necessary to accomplish
5 the purposes of this section.

6 (d) In managing the assets described by Subsection (c),
7 subject to restrictions that the Texas Treasury Safekeeping Trust
8 Company considers appropriate, the trust company may acquire,
9 exchange, sell, supervise, manage, or retain any kind of investment
10 that a prudent investor, exercising reasonable care, skill, and
11 caution, would acquire, exchange, sell, or retain in light of the
12 purposes, terms, distribution requirements, and other
13 circumstances then prevailing pertinent to each investment,
14 including the requirements prescribed by Subsection (b) and the
15 purposes described by Section 157.002. The trust company may
16 charge a fee to recover the reasonable and necessary costs incurred
17 in managing assets under this section.

18 Sec. 157.257. PREFERENCE FOR TEXAS SUPPLIERS. In a good
19 faith effort to achieve a goal of more than 50 percent of purchases
20 from suppliers in this state, the oversight committee shall
21 establish standards to ensure that grant recipients purchase goods
22 and services from suppliers in this state to the extent reasonably
23 possible.

24 Sec. 157.258. HISTORICALLY UNDERUTILIZED BUSINESSES. The
25 oversight committee shall establish standards to ensure that grant
26 recipients purchase goods and services from historically
27 underutilized businesses as defined by Section [2161.001](#),

1 Government Code, and any other applicable state law.

2 Sec. 157.259. GRANT COMPLIANCE AND PROGRESS EVALUATION.

3 (a) The oversight committee shall require as a condition of a grant
4 awarded under this chapter that the grant recipient submit to
5 regular reviews of the grant project by institute staff to ensure
6 compliance with the terms of the grant and to ensure ongoing
7 progress, including the scientific merit of the research.

8 (b) The institute shall establish and implement a grant
9 compliance and progress review process under this section that
10 includes reporting requirements to ensure each grant recipient
11 complies with the terms and conditions of a grant contract. The
12 chief executive officer may terminate grants that do not meet
13 contractual obligations.

14 (c) The chief executive officer shall report at least
15 annually to the oversight committee on the progress and continued
16 merit of the projects awarded grants by the institute.

17 (d) The institute shall implement a system to:

18 (1) track the dates grant recipient reports are due
19 and are received by the institute; and

20 (2) monitor the status of any required report not
21 timely submitted to the institute by a grant recipient.

22 (e) The chief compliance officer shall monitor compliance
23 with this section and shall inquire into and monitor the status of
24 any required report not timely submitted to the institute by a grant
25 recipient. The chief compliance officer shall notify the general
26 counsel for the institute and the oversight committee of a grant
27 recipient that has not complied with the reporting requirements or

1 provisions of the grant contract to allow the institute to begin
2 suspension or termination of the grant contract. This subsection
3 does not limit other remedies available under the grant contract.

4 Sec. 157.260. MEDICAL AND RESEARCH ETHICS. Any project
5 that is awarded a grant under this chapter must comply with all
6 applicable federal and state laws regarding the conduct of the
7 research or prevention project.

8 Sec. 157.261. PUBLIC INFORMATION. (a) The following
9 information is public information and may be disclosed under
10 Chapter 552, Government Code:

11 (1) the applicant's name and address;

12 (2) the amount requested in the applicant's grant
13 proposal;

14 (3) the type of brain research to be addressed under
15 the proposal; and

16 (4) any other information the institute designates
17 with the consent of the grant applicant.

18 (b) To protect the actual or potential value of information
19 submitted to the institute by an applicant for or recipient of an
20 institute grant, the following information submitted by the
21 applicant or recipient is confidential and is not subject to
22 disclosure under Chapter 552, Government Code, or any other law:

23 (1) all information, other than the information
24 required under Subsection (a) that is contained in a grant award
25 application, peer review evaluation, award contract, or progress
26 report relating to a product, device, or process, the application
27 or use of the product, device, or process, and all technological and

1 scientific information, including computer programs, developed
2 wholly or partly by a grant applicant or recipient, regardless of
3 whether patentable or capable of being registered under copyright
4 or trademark laws, that has a potential for being sold, traded, or
5 licensed for a fee; and

6 (2) the plans, specifications, blueprints, and
7 designs, including related proprietary information, of a
8 scientific research and development facility.

9 (c) The institute shall post on the institute's Internet
10 website records that pertain specifically to any gift, grant, or
11 other consideration provided to the institute, an institute
12 employee, or a member of the oversight committee, in the employee's
13 or oversight committee member's official capacity. The posted
14 information must include each donor's name and the amount and date
15 of the donation.

16 Sec. 157.262. COMPLIANCE PROGRAM; CONFIDENTIAL
17 INFORMATION. (a) In this section, "compliance program" means a
18 process to assess and ensure compliance by the institute's
19 committee members and employees with applicable laws, rules, and
20 policies, including matters of:

- 21 (1) ethics and standards of conduct;
22 (2) financial reporting;
23 (3) internal accounting controls; and
24 (4) auditing.

25 (b) The institute shall establish a compliance program that
26 operates under the direction of the institute's chief compliance
27 officer. The institute may establish procedures, including a

1 telephone hotline, to all private access to the compliance program
2 office and to preserve the confidentiality of communications and
3 the anonymity of a person making a compliance report or
4 participating in a compliance investigation.

5 (c) The following information is confidential and not
6 subject to disclosure under Chapter 552, Government Code:

7 (1) information that directly or indirectly reveals
8 the identity of an individual who made a report to the institute's
9 compliance program office, sought guidance from the office, or
10 participated in an investigation conducted under the compliance
11 program;

12 (2) information that directly or indirectly reveals
13 the identity of an individual who is alleged to have or may have
14 planned, initiated, or participated in activities that are the
15 subject of a report made to the office if, after completing an
16 investigation, the office determines the report to be
17 unsubstantiated or without merit; and

18 (3) other information that is collected or produced in
19 a compliance program investigation if releasing the information
20 would interfere with an ongoing compliance investigation.

21 (d) Subsection (c) does not apply to information related to
22 an individual who consents to disclosure of the information.

23 (e) Information made confidential or excepted from public
24 disclosure by this section may be made available to the following on
25 request in compliance with applicable laws and procedures:

26 (1) a law enforcement agency or prosecutor;

27 (2) a governmental agency responsible for

1 investigating a matter that is the subject of a compliance report,
2 including the Texas Workforce Commission civil rights division or
3 the federal Equal Employment Opportunity Commission; or

4 (3) a committee member or institute employee who is
5 responsible under institutional policy for a compliance program
6 investigation or for a review of a compliance program
7 investigation.

8 (f) A disclosure under Subsection (e) is not a voluntary
9 disclosure for purposes of Section 552.007, Government Code.

10 Sec. 157.263. CLOSED MEETING. The oversight committee may
11 conduct a closed meeting under Chapter 551, Government Code, to
12 discuss an ongoing compliance investigation into issues related to
13 fraud, waste, or abuse of state resources.

14 Sec. 157.264. APPROPRIATION CONTINGENCY. The institute is
15 required to implement a provision of this chapter only if the
16 legislature appropriates money specifically for that purpose. If
17 the legislature does not appropriate money specifically for that
18 purpose, the institute may, but is not required to, implement the
19 provision using other money available to the institute for that
20 purpose.

21 SECTION 2. Section 51.955(c), Education Code, is amended to
22 read as follows:

23 (c) Subsection (b)(1) does not apply to a research contract
24 between an institution of higher education and the Cancer
25 Prevention and Research Institute of Texas or Brain Institute of
26 Texas.

27 SECTION 3. Section 61.003(6), Education Code, is amended to

1 read as follows:

2 (6) "Other agency of higher education" means The
3 University of Texas System, System Administration; The University
4 of Texas at El Paso Museum; The Texas A&M University System,
5 Administrative and General Offices; Texas A&M AgriLife Research;
6 Texas A&M AgriLife Extension Service; Rodent and Predatory Animal
7 Control Service (a part of the Texas A&M AgriLife Extension
8 Service); Texas A&M Engineering Experiment Station (including the
9 Texas A&M Transportation Institute); Texas A&M Engineering
10 Extension Service; Texas A&M Forest Service; Texas Division of
11 Emergency Management; Texas Tech University Museum; Texas State
12 University System, System Administration; Sam Houston Memorial
13 Museum; Panhandle-Plains Historical Museum; Cotton Research
14 Committee of Texas; Texas Water Resources Institute; Texas A&M
15 Veterinary Medical Diagnostic Laboratory; Brain Institute of
16 Texas; and any other unit, division, institution, or agency which
17 shall be so designated by statute or which may be established to
18 operate as a component part of any public senior college or
19 university, or which may be so classified as provided in this
20 chapter.

21 SECTION 4. (a) Not later than December 1, 2022, the
22 appropriate appointing authority shall appoint the members to the
23 Brain Institute of Texas Oversight Committee as required by Section
24 157.101, Education Code, as added by this Act. The oversight
25 committee may not take action until a majority of the appointed
26 members have taken office.

27 (b) Notwithstanding Section 157.101, Education Code, as

1 added by this Act, in making the initial appointments under that
2 section, the governor, lieutenant governor, and speaker of the
3 house of representatives shall, as applicable, designate one member
4 of the Brain Institute of Texas appointed by that person to serve a
5 term expiring January 31, 2024, one member appointed by that person
6 to serve a term expiring January 31, 2026, and one member appointed
7 by that person to serve a term expiring January 31, 2028.

8 SECTION 5. If the constitutional amendment proposed by the
9 87th Legislature, Regular Session, 2021, authorizing the issuance
10 of general obligation bonds and the dedication of bond proceeds to
11 the Brain Institute of Texas established to fund brain research is
12 approved by the voters, the Brain Institute of Texas established by
13 Chapter 157, Education Code, as added by this Act, is eligible to
14 receive funding through the proceeds deposited under the authority
15 of Section 68, Article III, Texas Constitution, for any activities
16 conducted by the institute that serve the purposes of that
17 constitutional provision.

18 SECTION 6. This Act takes effect January 1, 2022, but only
19 if the constitutional amendment proposed by the 87th Legislature,
20 Regular Session, 2021, authorizing the issuance of general
21 obligation bonds and the dedication of bond proceeds to the Brain
22 Institute of Texas established to fund brain research in this state
23 is approved by the voters. If that amendment is not approved by the
24 voters, this Act has no effect.