

1-1 By: Nelson, et al. S.B. No. 149
 1-2 (In the Senate - Filed December 19, 2012; January 29, 2013,
 1-3 read first time and referred to Committee on Health and Human
 1-4 Services; February 18, 2013, reported adversely, with favorable
 1-5 Committee Substitute by the following vote: Yeas 9, Nays 0;
 1-6 February 18, 2013, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 149 By: Nelson

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the Cancer Prevention and Research Institute of Texas.
 1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-23 SECTION 1. Section 102.001, Health and Safety Code, is
 1-24 amended by adding Subdivision (2-a) and amending Subdivision (3) to
 1-25 read as follows:
 1-26 (2-a) "Program integration committee" means the
 1-27 Cancer Prevention and Research Institute of Texas Program
 1-28 Integration Committee.
 1-29 (3) "Research and prevention programs committee"
 1-30 means a ~~the~~ Cancer Prevention and Research Institute of Texas
 1-31 Scientific Research and Prevention Programs committee ~~committees~~
 1-32 appointed by the chief executive officer ~~director~~.
 1-33 SECTION 2. Section 102.051, Health and Safety Code, is
 1-34 amended by amending Subsection (a) and adding Subsection (c) to
 1-35 read as follows:
 1-36 (a) The institute may:
 1-37 (1) make grants to provide funds to public or private
 1-38 persons to implement the Texas Cancer Plan, and may make grants to
 1-39 institutions of learning and to advanced medical research
 1-40 facilities and collaborations in this state for:
 1-41 (A) research into the causes of and cures for all
 1-42 types of cancer in humans;
 1-43 (B) facilities for use in research into the
 1-44 causes of and cures for cancer;
 1-45 (C) research, including translational research,
 1-46 to develop therapies, protocols, medical pharmaceuticals, or
 1-47 procedures for the cure or substantial mitigation of all types of
 1-48 cancer in humans; and
 1-49 (D) cancer prevention and control programs in
 1-50 this state to mitigate the incidence of all types of cancer in
 1-51 humans;
 1-52 (2) support institutions of learning and advanced
 1-53 medical research facilities and collaborations in this state in all
 1-54 stages in the process of finding the causes of all types of cancer
 1-55 in humans and developing cures, from laboratory research to
 1-56 clinical trials and including programs to address the problem of
 1-57 access to advanced cancer treatment;
 1-58 (3) establish the appropriate standards and oversight
 1-59 bodies to ensure the proper use of funds authorized under this
 1-60 chapter for cancer research and facilities development;

2-1 (4) [~~employ an executive director as determined by the~~
2-2 ~~oversight committee,~~
2-3 [~~5~~] employ necessary staff to provide
2-4 administrative support; and
2-5 (5) [~~6~~] monitor contracts and agreements authorized
2-6 by this chapter.
2-7 (c) The institute shall employ a compliance officer, who,
2-8 under the direction of the chief executive officer, shall ensure
2-9 that:
2-10 (1) all grant proposals comply with this chapter and
2-11 rules adopted under this chapter before the proposals are submitted
2-12 to the oversight committee for approval;
2-13 (2) the institute, its employees, and its committee
2-14 members appointed under this chapter comply with all laws and rules
2-15 governing the peer review process and conflicts of interest; and
2-16 (3) each grant recipient complies with the terms of
2-17 the grant contract.
2-18 SECTION 3. Subchapter B, Chapter 102, Health and Safety
2-19 Code, is amended by adding Section 102.0511 to read as follows:
2-20 Sec. 102.0511. CHIEF EXECUTIVE OFFICER; OTHER OFFICERS.
2-21 (a) The oversight committee shall hire a chief executive officer.
2-22 Under the direction of the oversight committee, the chief executive
2-23 officer shall perform the duties required by this chapter or
2-24 designated by the oversight committee.
2-25 (b) The chief executive officer must have a demonstrated
2-26 ability to lead and develop academic, commercial, and governmental
2-27 partnerships and coalitions.
2-28 (c) The chief executive officer shall hire:
2-29 (1) one chief scientific officer, who reports directly
2-30 to the chief executive officer;
2-31 (2) one chief operating officer, who reports directly
2-32 to the chief executive officer;
2-33 (3) one development officer, who reports directly to
2-34 the chief executive officer and assists in collaborative outreach
2-35 to further cancer research and prevention; and
2-36 (4) one chief prevention officer, who reports directly
2-37 to the chief executive officer.
2-38 SECTION 4. Subsection (a), Section 102.052, Health and
2-39 Safety Code, is amended to read as follows:
2-40 (a) The institute shall issue an annual public report
2-41 outlining the institute's activities, grants awarded, grants in
2-42 progress, research accomplishments, and future program
2-43 directions. The report must include:
2-44 (1) the number and dollar amounts of research and
2-45 facilities grants;
2-46 (2) identification of the grant recipients for the
2-47 reported year;
2-48 (3) the institute's administrative expenses;
2-49 (4) an assessment of the availability of funding for
2-50 cancer research from sources other than the institute;
2-51 (5) a summary of findings of research funded by the
2-52 institute, including promising new research areas;
2-53 (6) an assessment of the relationship between the
2-54 institute's grants and the overall strategy of its research
2-55 program;
2-56 (7) a statement of the institute's strategic research
2-57 and financial plans; [~~and~~]
2-58 (8) an estimate of how much cancer has cost the state
2-59 during the year, including the amounts spent by the state relating
2-60 to cancer by the child health program, the Medicaid program, the
2-61 Teacher Retirement System of Texas, and the Employees Retirement
2-62 System of Texas; and
2-63 (9) a statement of the institute's compliance program
2-64 activities, including any proposed legislation or other
2-65 recommendations identified through the activities.
2-66 SECTION 5. Subchapter B, Chapter 102, Health and Safety
2-67 Code, is amended by adding Section 102.0535 to read as follows:
2-68 Sec. 102.0535. RECORD OF GRANT APPLICATIONS. (a) The
2-69 institute shall maintain a complete record of each grant

3-1 application, including a grant application that is reviewed by a
 3-2 research and prevention programs committee or is withdrawn.

3-3 (b) The institute shall ensure that the score assigned to a
 3-4 grant application by a research and prevention programs committee
 3-5 in accordance with rules adopted under Section 102.251(a)(1) is
 3-6 included in the record for the application.

3-7 (c) The institute shall have periodic audits made of any
 3-8 electronic grant management system used to maintain records of
 3-9 grant applications under this section. The institute shall address
 3-10 in a timely manner each weakness identified in an audit of the
 3-11 system.

3-12 SECTION 6. Section 102.056, Health and Safety Code, is
 3-13 amended to read as follows:

3-14 Sec. 102.056. SALARY. (a) The institute may supplement
 3-15 the salary of the chief executive officer [~~director~~] and other
 3-16 senior institute staff members. Funding for a salary supplement
 3-17 may come from gifts, grants, donations, or appropriations.

3-18 (b) Money received from a nonprofit organization
 3-19 established to provide support to the institute may be used only to
 3-20 supplement the salaries of the persons authorized to receive salary
 3-21 supplements under this section.

3-22 SECTION 7. Subchapter B, Chapter 102, Health and Safety
 3-23 Code, is amended by adding Sections 102.057 through 102.063 to read
 3-24 as follows:

3-25 Sec. 102.057. PROHIBITED OFFICE LOCATION. An institute
 3-26 employee may not have an office in a facility owned by an entity
 3-27 receiving or applying to receive money from the institute.

3-28 Sec. 102.058. CONFLICT OF INTEREST REQUIRING RECUSAL.

3-29 (a) An oversight committee member, program integration committee
 3-30 member, or institute employee shall disclose in writing to the
 3-31 chief executive officer if the member, the employee, or a person who
 3-32 is related to the member or employee within the second degree of
 3-33 affinity or consanguinity has a professional or financial interest
 3-34 in an entity receiving or applying to receive money from the
 3-35 institute.

3-36 (b) The member or employee described by Subsection (a) shall
 3-37 recuse himself or herself from the institute's consideration of
 3-38 grant applications from the entity receiving or applying to receive
 3-39 money from the institute as provided by Section 102.062(a) or (b),
 3-40 as applicable.

3-41 (c) A person has a professional interest in an entity
 3-42 receiving or applying to receive money from the institute if the
 3-43 person:

3-44 (1) is a member of the board of directors, the other
 3-45 governing board, or any committee of the entity, or of a foundation
 3-46 or similar organization affiliated with the entity, during the same
 3-47 grant cycle;

3-48 (2) serves as an elected or appointed officer of the
 3-49 entity or of a foundation or similar organization affiliated with
 3-50 the entity;

3-51 (3) is an employee of or is negotiating future
 3-52 employment with the entity or with a foundation or similar
 3-53 organization affiliated with the entity;

3-54 (4) represents the entity or a foundation or similar
 3-55 organization affiliated with the entity;

3-56 (5) is a professional associate of a primary member of
 3-57 the entity's research or prevention program team;

3-58 (6) is, or within the preceding six years has been, a
 3-59 student, postdoctoral associate, or part of a laboratory research
 3-60 group for a primary member of the entity's research or prevention
 3-61 program team;

3-62 (7) is engaged or is actively planning to be engaged in
 3-63 collaboration with a primary member of the entity's research or
 3-64 prevention program team; or

3-65 (8) has long-standing scientific differences or
 3-66 disagreements with a primary member of the entity's research or
 3-67 prevention program team, and those differences:

3-68 (A) are known to the professional community; and

3-69 (B) could be perceived as affecting objectivity.

4-1 (d) A person has a financial interest in an entity receiving
 4-2 or applying to receive money from the institute if the person:

4-3 (1) owns or controls, directly or indirectly, an
 4-4 ownership interest, including sharing in profits, proceeds, or
 4-5 capital gains, in an entity receiving or applying to receive money
 4-6 from the institute or in a foundation or similar organization
 4-7 affiliated with the entity; or

4-8 (2) could reasonably foresee that an action taken by a
 4-9 research and prevention programs committee, the institute, the
 4-10 program integration committee, or the oversight committee could
 4-11 result in a financial benefit to the person.

4-12 Sec. 102.059. STANDARDS OF CONDUCT. (a) An oversight
 4-13 committee member, program integration committee member, or
 4-14 institute employee may not:

4-15 (1) accept or solicit any gift, favor, or service that
 4-16 could reasonably influence the member or employee in the discharge
 4-17 of official duties or that the member or employee knows or should
 4-18 know is being offered with the intent to influence the member's or
 4-19 employee's official conduct;

4-20 (2) accept employment or engage in any business or
 4-21 professional activity that would reasonably require or induce the
 4-22 member or employee to disclose confidential information acquired in
 4-23 the member's or employee's official position;

4-24 (3) accept other employment or compensation that could
 4-25 reasonably impair the member's or employee's independent judgment
 4-26 in the performance of official duties;

4-27 (4) make personal investments or have a financial
 4-28 interest that could reasonably create a substantial conflict
 4-29 between the member's or employee's private interest and the member's
 4-30 or employee's official duties;

4-31 (5) intentionally or knowingly solicit, accept, or
 4-32 agree to accept any benefit for exercising the member's official
 4-33 powers or performing the member's or employee's official duties in
 4-34 favor of another;

4-35 (6) lease, directly or indirectly, any property,
 4-36 capital equipment, employee, or service to any entity that receives
 4-37 a grant from the institute; or

4-38 (7) serve on the board of directors of a nonprofit
 4-39 organization established with a grant from the institute.

4-40 (b) Notwithstanding Section 102.058, an oversight committee
 4-41 member or the member's spouse may not:

4-42 (1) submit a grant application for funding by the
 4-43 institute;

4-44 (2) be employed by or participate in the management of
 4-45 an entity receiving money from the institute;

4-46 (3) own or control, directly or indirectly, a
 4-47 financial interest in an entity receiving money from the institute;
 4-48 or

4-49 (4) use or receive a substantial amount of tangible
 4-50 goods, services, or money from the institute other than
 4-51 reimbursement authorized for attendance or expenses.

4-52 (c) An oversight committee member, program integration
 4-53 committee member, institute employee, or individual related to the
 4-54 member or employee within the second degree of affinity or
 4-55 consanguinity may not serve on the board of directors or other
 4-56 governing board of a nonprofit organization established to provide
 4-57 support to the institute.

4-58 (d) An employee of a nonprofit organization established
 4-59 with a grant from the institute may not serve on the institute's
 4-60 commercialization review council.

4-61 (e) The institute may not participate in a business decision
 4-62 of a nonprofit organization established with a grant from the
 4-63 institute.

4-64 Sec. 102.060. INVESTIGATION OF CONFLICTS OF INTEREST.

4-65 (a) An oversight committee member, a program integration
 4-66 committee member, a research and prevention programs committee
 4-67 member, or an institute employee shall immediately notify the chief
 4-68 executive officer of a conflict of interest, including a
 4-69 professional or financial interest described by Section 102.058 or

5-1 102.156. On notification, the chief executive officer shall notify
5-2 the presiding officer of the oversight committee and the general
5-3 counsel, who shall determine the nature and extent of any conflict.
5-4 (b) A grant applicant seeking an investigation regarding
5-5 whether a prohibited conflict of interest was not reported shall
5-6 file a written request with the institute's chief executive
5-7 officer. The applicant must:
5-8 (1) include in the request all facts regarding the
5-9 alleged conflict of interest; and
5-10 (2) submit the request not later than the 30th day
5-11 after the date the chief executive officer presents final funding
5-12 recommendations for the affected grant cycle to the oversight
5-13 committee.
5-14 (c) On notification of an alleged conflict of interest under
5-15 Subsection (a) or (b), the institute's general counsel shall:
5-16 (1) investigate the matter; and
5-17 (2) provide to the chief executive officer and
5-18 presiding officer of the oversight committee an opinion that
5-19 includes:
5-20 (A) a statement of facts;
5-21 (B) a determination of whether a conflict of
5-22 interest or another impropriety or self-dealing exists; and
5-23 (C) if the opinion provides that a conflict of
5-24 interest or another impropriety or self-dealing exists,
5-25 recommendations for an appropriate course of action.
5-26 (d) If the conflict of interest, impropriety, or
5-27 self-dealing involves the presiding officer of the oversight
5-28 committee, the institute's general counsel shall provide the
5-29 opinion to the next ranking oversight committee member who is not
5-30 involved with the conflict of interest, impropriety, or
5-31 self-dealing.
5-32 (e) After receiving the opinion and consulting with the
5-33 presiding officer of the oversight committee, the chief executive
5-34 officer shall take action regarding the recusal of the individual
5-35 from any discussion of or access to information related to the
5-36 conflict of interest, impropriety, or self-dealing. If the alleged
5-37 conflict of interest, impropriety, or self-dealing is held by, or
5-38 is an act of, the chief executive officer, the presiding officer of
5-39 the oversight committee shall take actions regarding the recusal.
5-40 Sec. 102.061. FINAL DETERMINATION OF CONFLICT OF INTEREST.
5-41 (a) The chief executive officer or, if applicable, the presiding
5-42 officer of the oversight committee shall make a determination
5-43 regarding the existence of a conflict of interest, impropriety, or
5-44 self-dealing. The determination must specify any actions to be
5-45 taken to address the conflict of interest, impropriety, or
5-46 self-dealing, including:
5-47 (1) reconsideration of the application; or
5-48 (2) referral of the application to another research
5-49 and prevention programs committee for review.
5-50 (b) The determination made under Subsection (a) is
5-51 considered final unless three or more oversight committee members
5-52 request that the issue be added to the agenda of the oversight
5-53 committee.
5-54 (c) The chief executive officer, or, if applicable, the
5-55 presiding officer of the oversight committee, shall provide written
5-56 notice of the final determination, including any further actions to
5-57 be taken, to the grant applicant requesting an investigation.
5-58 (d) Unless specifically determined by the chief executive
5-59 officer, or, if applicable, the presiding officer of the oversight
5-60 committee, or the oversight committee, the validity of an action
5-61 taken on a grant application is not affected by the fact that an
5-62 individual who failed to report a conflict of interest participated
5-63 in the action.
5-64 Sec. 102.062. DISCLOSURE OF CONFLICT OF INTEREST. (a) If
5-65 an oversight committee member or program integration committee
5-66 member has a conflict of interest, including a professional or
5-67 financial interest described by Section 102.058, regarding an
5-68 application that comes before the member for review or other
5-69 action, the member shall:

6-1 (1) notify the chief executive officer, as provided by
 6-2 Section 102.058, and the presiding officer of the oversight
 6-3 committee, or the next ranking member of the committee if the
 6-4 presiding officer has the conflict of interest;

6-5 (2) disclose the conflict of interest in an open
 6-6 meeting of the oversight committee; and

6-7 (3) recuse himself or herself from participating in
 6-8 the review, discussion, deliberation, and vote on the application
 6-9 and from accessing information regarding the matter to be decided.

6-10 (b) If an institute employee has a conflict of interest,
 6-11 including a professional or financial interest described by Section
 6-12 102.058, regarding an application that comes before the employee
 6-13 for review or other action, the employee shall:

6-14 (1) notify the chief executive officer of the conflict
 6-15 of interest; and

6-16 (2) recuse himself or herself from participating in
 6-17 the review of the application and be prevented from accessing
 6-18 information regarding the matter to be decided.

6-19 (c) An oversight committee member, program integration
 6-20 committee member, or institute employee who reports a potential
 6-21 conflict of interest or another impropriety or self-dealing of the
 6-22 member or employee and who fully complies with the recommendations
 6-23 of the general counsel and recusal is considered in compliance with
 6-24 the conflict-of-interest provisions of this chapter. The member or
 6-25 employee is subject to other applicable laws, rules, requirements,
 6-26 and prohibitions.

6-27 (d) An oversight committee member, program integration
 6-28 committee member, or institute employee who intentionally violates
 6-29 this section is subject to removal from further participation in
 6-30 the institute's grant review process.

6-31 Sec. 102.063. ADDITIONAL DUTIES OF COMPLIANCE OFFICER.

6-32 (a) The compliance officer shall adopt and implement a policy on
 6-33 in-state or out-of-state residency requirements for members of the
 6-34 institute's commercialization review council.

6-35 (b) The compliance officer shall retain documentation
 6-36 relating to:

6-37 (1) each grant recipient's financial reports,
 6-38 including the amount of matching funds dedicated to the specific
 6-39 grant proposal;

6-40 (2) each grant recipient's progress reports; and

6-41 (3) institute reviews of the financial reports and
 6-42 progress reports.

6-43 (c) The compliance officer shall adopt and implement a
 6-44 system to track the date on which a grant recipient's report:

6-45 (1) is due; and

6-46 (2) is received by the institute.

6-47 (d) The compliance officer shall inquire into and monitor
 6-48 the status of any required report that is not timely submitted to
 6-49 the institute by a grant recipient.

6-50 (e) The compliance officer shall develop and implement a
 6-51 policy on advance payments to grant recipients.

6-52 (f) The compliance officer annually shall:

6-53 (1) verify the amount of matching funds dedicated to
 6-54 the specific grant awarded to a grant recipient; and

6-55 (2) review each grant recipient to ensure that the
 6-56 grant recipient is in compliance with the terms and conditions of
 6-57 the grant recipient's contract with the institute.

6-58 (g) If the compliance officer determines that a grant
 6-59 recipient has not maintained compliance with the terms and
 6-60 conditions of the grant contract, the compliance officer shall
 6-61 recommend a remediation plan to the oversight committee to assist
 6-62 the grant recipient in complying with the contract. The oversight
 6-63 committee shall approve or disapprove a remediation plan submitted
 6-64 by the compliance officer. If approved, the compliance officer
 6-65 shall submit the approved remediation plan to the grant recipient.

6-66 SECTION 8. Subsections (b) and (e), Section 102.101, Health
 6-67 and Safety Code, are amended to read as follows:

6-68 (b) The oversight committee is composed of the following
 6-69 nine [11] members:

7-1 (1) three members appointed by the governor;
 7-2 (2) three members appointed by the lieutenant
 7-3 governor; and
 7-4 (3) three members appointed by the speaker of the
 7-5 house of representatives[+
 7-6 [~~(4) the comptroller or the comptroller's designee,~~
 7-7 ~~and~~
 7-8 [~~(5) the attorney general or the attorney general's~~
 7-9 ~~designee].~~

7-10 (e) A person may not be a member of the oversight committee
 7-11 if, at the time the person is appointed, the person or the person's
 7-12 spouse:

7-13 (1) is employed by or participates in the management
 7-14 of a business entity or other organization receiving money from the
 7-15 institute;

7-16 (2) owns or controls, directly or indirectly, an [~~more~~
 7-17 ~~than a five percent~~] interest in a business entity or other
 7-18 organization receiving money from the institute; or

7-19 (3) uses or receives a substantial amount of tangible
 7-20 goods, services, or money from the institute, other than
 7-21 reimbursement authorized by this chapter for oversight committee
 7-22 membership, attendance, or expenses.

7-23 SECTION 9. Subsection (c), Section 102.102, Health and
 7-24 Safety Code, is amended to read as follows:

7-25 (c) If the chief executive officer [~~director~~] has knowledge
 7-26 that a potential ground for removal exists, the chief executive
 7-27 officer [~~director~~] shall notify the presiding officer of the
 7-28 oversight committee of the potential ground. The presiding officer
 7-29 shall then notify the appointing authority and the attorney general
 7-30 that a potential ground for removal exists. If the potential ground
 7-31 for removal involves the presiding officer, the chief executive
 7-32 officer [~~director~~] shall notify the next highest ranking officer of
 7-33 the oversight committee, who shall then notify the appointing
 7-34 authority and the attorney general that a potential ground for
 7-35 removal exists.

7-36 SECTION 10. Subsection (a), Section 102.103, Health and
 7-37 Safety Code, is amended to read as follows:

7-38 (a) Oversight committee members appointed by the governor,
 7-39 lieutenant governor, and speaker of the house serve at the pleasure
 7-40 of the appointing officer for staggered six-year terms, with the
 7-41 terms of three members expiring on January 31 of each odd-numbered
 7-42 year.

7-43 SECTION 11. Section 102.104, Health and Safety Code, is
 7-44 amended to read as follows:

7-45 Sec. 102.104. OFFICERS. (a) The oversight committee shall
 7-46 elect [~~select~~] a presiding officer and assistant presiding officer
 7-47 from among its members every two years. The oversight committee may
 7-48 elect additional officers from among its members.

7-49 (b) The presiding officer and assistant presiding officer
 7-50 may not serve more than two years.

7-51 (c) The oversight committee shall:

7-52 (1) establish and approve duties and responsibilities
 7-53 for officers of the committee; and

7-54 (2) develop and implement policies that distinguish
 7-55 the responsibilities of the oversight committee and the committee's
 7-56 officers from the responsibilities of the chief executive officer
 7-57 and the employees of the institute.

7-58 SECTION 12. Section 102.107, Health and Safety Code, is
 7-59 amended to read as follows:

7-60 Sec. 102.107. POWERS AND DUTIES. The oversight committee
 7-61 shall:

7-62 (1) hire a chief [~~an~~] executive officer;

7-63 (2) annually set priorities as prescribed by the
 7-64 legislature for each grant program and each category of funded
 7-65 research that receives money under this chapter; and

7-66 (3) consider the priorities set under Subdivision (2)
 7-67 in awarding grants under this chapter [~~director~~].

7-68 SECTION 13. Section 102.151, Health and Safety Code, is
 7-69 amended by amending Subsections (a-1) and (b) and adding Subsection

8-1 (c) to read as follows:

8-2 (a-1) The oversight committee shall establish research and
 8-3 prevention programs committees. The chief executive officer
 8-4 [director], with approval by simple majority of the members of the
 8-5 oversight committee, shall appoint as members of [scientific]
 8-6 research and prevention programs committees experts in the field of
 8-7 cancer research and prevention.

8-8 (b) Individuals appointed to ~~[the]~~ research and prevention
 8-9 programs committees [committee] may be residents of this state or
 8-10 another state.

8-11 (c) The chief executive officer, in consultation with the
 8-12 oversight committee, shall implement a system to document any
 8-13 change in the amount of honorarium paid to a member of a research
 8-14 and prevention programs committee, including information
 8-15 explaining the basis for changing the amount.

8-16 SECTION 14. Section 102.152, Health and Safety Code, is
 8-17 amended to read as follows:

8-18 Sec. 102.152. TERMS OF RESEARCH AND PREVENTION PROGRAMS
 8-19 COMMITTEE MEMBERS. Members of a research and prevention programs
 8-20 committee serve for terms as determined by the chief executive
 8-21 officer [director].

8-22 SECTION 15. Section 102.156, Health and Safety Code, is
 8-23 amended by amending Subsections (a) and (c) and adding Subsections
 8-24 (d) and (e) to read as follows:

8-25 (a) A member of a research and prevention programs
 8-26 committee, the university advisory committee, or any ad hoc
 8-27 committee appointed under this subchapter shall disclose in writing
 8-28 to the chief executive officer [director] if the member has a
 8-29 professional [an interest in a matter that comes before the
 8-30 member's committee] or [has a substantial] financial interest in an
 8-31 entity that has a direct interest in a [the] matter that comes
 8-32 before the member's committee.

8-33 (c) A person has a ~~[substantial]~~ financial interest in an
 8-34 entity if the person:

8-35 (1) is an employee, member, director, or officer of
 8-36 the entity; or

8-37 (2) owns or controls, directly or indirectly, an [more
 8-38 than a five percent] interest in the entity.

8-39 (d) A person has a professional interest in an entity
 8-40 receiving or applying to receive money from the institute if the
 8-41 person:

8-42 (1) is a member of the board of directors, the other
 8-43 governing board, or any committee of the entity during the same
 8-44 grant cycle;

8-45 (2) serves as an elected or appointed officer of the
 8-46 entity;

8-47 (3) is an employee of or is negotiating future
 8-48 employment with the entity;

8-49 (4) represents the entity;

8-50 (5) is a professional associate of a primary member of
 8-51 the entity's research or prevention program applicant's team;

8-52 (6) is, or within the preceding six years has been, a
 8-53 student, postdoctoral associate, or part of a laboratory research
 8-54 group for a primary member of the entity's research or prevention
 8-55 program applicant's team;

8-56 (7) is engaged or is actively planning to be engaged in
 8-57 collaboration with a primary member of the entity's research or
 8-58 prevention program applicant's team; or

8-59 (8) has long-standing scientific differences or
 8-60 disagreements with a primary member of the entity's research or
 8-61 prevention program applicant's team, and those differences:

8-62 (A) are known to the professional community; and

8-63 (B) could be perceived as affecting objectivity.

8-64 (e) A member of a research and prevention programs committee
 8-65 appointed under this chapter may not serve on the board of directors
 8-66 or other governing board of an entity receiving a grant from the
 8-67 institute or of a foundation or similar organization affiliated
 8-68 with the entity.

8-69 SECTION 16. Section 102.251, Health and Safety Code, is

9-1 amended by amending Subsection (a) and adding Subsections (c), (d),
9-2 and (e) to read as follows:

9-3 (a) The oversight committee shall issue rules regarding the
9-4 procedure for awarding grants to an applicant under this chapter.
9-5 The rules must include the following procedures:

9-6 (1) a research and prevention programs committee shall
9-7 score [review] grant applications and make recommendations to the
9-8 program integration committee, established under Section 102.264,
9-9 and the oversight committee [executive director] regarding the
9-10 award of cancer research grants, including a prioritized list that:

9-11 (A) ranks the grant applications in the order the
9-12 committee determines applications should be funded; and

9-13 (B) includes information explaining how each
9-14 grant application on the list meets the research and prevention
9-15 programs committee's standards for recommendation;

9-16 (2) the program integration committee [executive
9-17 director] shall submit to the oversight committee a list of grant
9-18 applications the program integration committee by majority vote
9-19 approved for recommendation that:

9-20 (A) includes documentation on the factors the
9-21 program integration committee considered in making the grant
9-22 recommendations;

9-23 (B) [~~that~~] is substantially based on the list
9-24 submitted by the research and prevention programs committee under
9-25 Subdivision (1); and

9-26 (C) [~~r~~] to the extent possible, gives priority to
9-27 proposals that:

9-28 (i) [~~(A)~~] could lead to immediate or
9-29 long-term medical and scientific breakthroughs in the area of
9-30 cancer prevention or cures for cancer;

9-31 (ii) [~~(B)~~] strengthen and enhance
9-32 fundamental science in cancer research;

9-33 (iii) [~~(C)~~] ensure a comprehensive
9-34 coordinated approach to cancer research;

9-35 (iv) [~~(D)~~] are interdisciplinary or
9-36 interinstitutional;

9-37 (v) [~~(E)~~] address federal or other major
9-38 research sponsors' priorities in emerging scientific or technology
9-39 fields in the area of cancer prevention or cures for cancer;

9-40 (vi) [~~(F)~~] are matched with funds
9-41 available by a private or nonprofit entity and institution or
9-42 institutions of higher education;

9-43 (vii) [~~(G)~~] are collaborative between any
9-44 combination of private and nonprofit entities, public or private
9-45 agencies or institutions in this state, and public or private
9-46 institutions outside this state;

9-47 (viii) [~~(H)~~] have a demonstrable economic
9-48 development benefit to this state;

9-49 (ix) [~~(I)~~] enhance research superiority
9-50 at institutions of higher education in this state by creating new
9-51 research superiority, attracting existing research superiority
9-52 from institutions not located in this state and other research
9-53 entities, or enhancing existing research superiority by attracting
9-54 from outside this state additional researchers and resources; and

9-55 (x) [~~(J)~~] expedite innovation and
9-56 commercialization, attract, create, or expand private sector
9-57 entities that will drive a substantial increase in high-quality
9-58 jobs, and increase higher education applied science or technology
9-59 research capabilities; and

9-60 (3) the institute's chief scientific officer and
9-61 development officer shall compare each grant application submitted
9-62 to the institute to a list of donors from any nonprofit organization
9-63 established to provide support to the institute compiled from
9-64 information made available under Section 102.262(c) before the
9-65 application is submitted to a research and prevention programs
9-66 committee for review and again before any grant is awarded to the
9-67 applicant.

9-68 (c) The chief executive officer shall submit a written
9-69 affidavit for each grant application recommendation included on the

10-1 list submitted to the oversight committee under Subsection (a)(2).
10-2 The affidavit must contain all relevant information on:
10-3 (1) the peer review process for the grant application;
10-4 (2) the application's peer review score assigned by
10-5 the research and prevention programs committee;
10-6 (3) the pre-grant due diligence reviews of the
10-7 application; and
10-8 (4) if applicable, the intellectual property reviews
10-9 of the application.
10-10 (d) The chief executive officer may not discuss a grant
10-11 applicant recommendation with a member of the oversight committee
10-12 unless the chief executive officer and the program integration
10-13 committee have fulfilled the requirements of Subsections (a)(2) and
10-14 (c), as applicable.
10-15 (e) The institute may not award a grant to an applicant who
10-16 has made a gift or grant to the institute or a nonprofit
10-17 organization established to provide support to the institute.
10-18 SECTION 17. Section 102.252, Health and Safety Code, is
10-19 amended to read as follows:
10-20 Sec. 102.252. FUNDING [~~OVERRIDING~~] RECOMMENDATIONS.
10-21 (a) Two-thirds of the members of the [The] oversight committee
10-22 must vote to approve [follow] the funding recommendations of the
10-23 program integration committee [executive director in the order the
10-24 executive director submits the applications to the oversight
10-25 committee unless two-thirds of the members of the oversight
10-26 committee vote to disregard a recommendation].
10-27 (b) The oversight committee by majority vote may remove a
10-28 grant application from the funding recommendations submitted to the
10-29 committee by the program integration committee.
10-30 SECTION 18. Subsections (b), (c), and (d), Section 102.255,
10-31 Health and Safety Code, are amended to read as follows:
10-32 (b) Before awarding a grant under Subchapter E, the
10-33 committee shall enter into a written contract with the grant
10-34 recipient. The contract may specify that:
10-35 (1) if all or any portion of the amount of the grant is
10-36 used to build a capital improvement:
10-37 (A) the state retains a lien or other interest in
10-38 the capital improvement in proportion to the percentage of the
10-39 grant amount used to pay for the capital improvement; and
10-40 (B) the grant recipient shall, if the capital
10-41 improvement is sold:
10-42 (i) repay to the state the grant money used
10-43 to pay for the capital improvement, with interest at the rate and
10-44 according to the other terms provided by the contract; and
10-45 (ii) share with the state a proportionate
10-46 amount of any profit realized from the sale; [~~and~~]
10-47 (2) if, as of a date specified in the contract, the
10-48 grant recipient has not used grant money awarded under Subchapter E
10-49 for the purposes for which the grant was intended, the recipient
10-50 shall repay that amount and any related interest applicable under
10-51 the contract to the state at the agreed rate and on the agreed
10-52 terms; and
10-53 (3) if, as a result of an annual review required under
10-54 Section 102.063, the compliance officer determines the grant
10-55 recipient has not complied with the terms and conditions of the
10-56 grant contract and refuses to comply with a remediation plan
10-57 approved by the oversight committee, the recipient shall repay the
10-58 grant money awarded under Subchapter E and any related interest
10-59 applicable under the contract to this state at the agreed rate and
10-60 on the agreed terms.
10-61 (c) The contract must:
10-62 (1) include terms relating to intellectual property
10-63 rights consistent with the standards developed by the oversight
10-64 committee under Section 102.256;
10-65 (2) require, in accordance with Subsection (d), the
10-66 grant recipient to dedicate an amount of matching funds equal to
10-67 one-half of the amount of the grant awarded; and
10-68 (3) specify:
10-69 (A) the amount of matching funds to be dedicated

11-1 under Subdivision (2);

11-2 (B) the period in which the grant award must be
 11-3 spent;

11-4 (C) the name of the specific project to which
 11-5 matching funds are to be dedicated; and

11-6 (D) the specific deliverables of the research
 11-7 that is the subject of the grant proposal.

11-8 (d) Before the oversight committee may make for cancer
 11-9 research any grant of any proceeds of the bonds issued under
 11-10 Subchapter E, the recipient of the grant must have an amount of
 11-11 funds equal to one-half of the grant and dedicate those funds
 11-12 [~~dedicated~~] to the specific research that is the subject of the
 11-13 grant request.

11-14 SECTION 19. Subsections (b) and (c), Section 102.260,
 11-15 Health and Safety Code, are amended to read as follows:

11-16 (b) The chief executive officer [~~director~~] shall determine
 11-17 the grant review process under this section. The chief executive
 11-18 officer [~~director~~] may terminate grants that do not meet
 11-19 contractual obligations.

11-20 (c) The chief executive officer [~~director~~] shall report at
 11-21 least annually to the oversight committee on the progress and
 11-22 continued merit of each research program funded by the institute.

11-23 SECTION 20. Section 102.262, Health and Safety Code, is
 11-24 amended by adding Subsection (c) to read as follows:

11-25 (c) The records of the institute and of a nonprofit
 11-26 organization established to provide support to the institute shall,
 11-27 to the extent the records pertain specifically to any gift, grant,
 11-28 or other consideration provided by the organization to the
 11-29 institute, an employee of the institute, or a member of a committee
 11-30 of the institute, be made available to the public. A record that is
 11-31 available under this subsection is public information subject to
 11-32 Chapter 552, Government Code.

11-33 SECTION 21. Subchapter F, Chapter 102, Health and Safety
 11-34 Code, is amended by adding Sections 102.263 and 102.264 to read as
 11-35 follows:

11-36 Sec. 102.263. COMPLIANCE PROGRAM. (a) In this section,
 11-37 "compliance program" means a process to assess and ensure
 11-38 compliance by the institute's committee members and employees with
 11-39 applicable laws, rules, and policies, including matters of:

11-40 (1) ethics and standards of conduct;

11-41 (2) financial reporting;

11-42 (3) internal accounting controls; and

11-43 (4) auditing.

11-44 (b) The institute shall establish a compliance program that
 11-45 operates under the direction of the institute's compliance officer.
 11-46 The institute may establish procedures, such as a telephone
 11-47 hotline, to allow private access to the compliance program office
 11-48 and to preserve the confidentiality of communications and the
 11-49 anonymity of a person making a compliance report or participating
 11-50 in a compliance investigation.

11-51 (c) The following are confidential:

11-52 (1) information that directly or indirectly reveals
 11-53 the identity of an individual who made a report to the institute's
 11-54 compliance program office, sought guidance from the office, or
 11-55 participated in an investigation conducted under the compliance
 11-56 program; and

11-57 (2) information that directly or indirectly reveals
 11-58 the identity of an individual who is alleged to have or may have
 11-59 planned, initiated, or participated in activities that are the
 11-60 subject of a report made to the office if, after completing an
 11-61 investigation, the office determines the report to be
 11-62 unsubstantiated or without merit.

11-63 (d) Subsection (c) does not apply to information related to
 11-64 an individual who consents to disclosure of the information.

11-65 (e) Information is excepted from disclosure under Chapter
 11-66 552, Government Code, if it is collected or produced in a compliance
 11-67 program investigation and releasing the information would
 11-68 interfere with an ongoing compliance investigation.

11-69 (f) Information made confidential or excepted from public

12-1 disclosure by this section may be made available to the following on
12-2 request in compliance with applicable law and procedure:

12-3 (1) a law enforcement agency or prosecutor;

12-4 (2) a governmental agency responsible for
12-5 investigating the matter that is the subject of a compliance
12-6 report, including the Texas Workforce Commission civil rights
12-7 division or the federal Equal Employment Opportunity Commission; or

12-8 (3) a committee member or institute employee who is
12-9 responsible under institutional policy for a compliance program
12-10 investigation or for a review of a compliance program
12-11 investigation.

12-12 (g) A disclosure under Subsection (f) is not a voluntary
12-13 disclosure for purposes of Section 552.007, Government Code.

12-14 Sec. 102.264. PROGRAM INTEGRATION COMMITTEE. (a) The
12-15 institute shall establish a program integration committee. The
12-16 committee is composed of the following six members:

12-17 (1) the chief executive officer;

12-18 (2) the chief scientific officer;

12-19 (3) the development officer;

12-20 (4) the commissioner of state health services;

12-21 (5) the chief prevention officer; and

12-22 (6) the compliance officer.

12-23 (b) The committee has the duties assigned under this
12-24 chapter.

12-25 (c) The chief executive officer shall serve as the presiding
12-26 officer of the program integration committee.

12-27 SECTION 22. (a) As soon as practicable after the effective
12-28 date of this Act, the Cancer Prevention and Research Institute of
12-29 Texas Oversight Committee shall adopt the rules necessary to
12-30 implement the changes in law made by this Act.

12-31 (b) The changes in law made by this Act apply only to a grant
12-32 application submitted to the Cancer Prevention and Research
12-33 Institute of Texas on or after the effective date of this Act. A
12-34 grant application submitted before the effective date of this Act
12-35 is governed by the law in effect on the date the application was
12-36 submitted, and that law is continued in effect for that purpose.

12-37 (c) Not later than January 1, 2014, employees, oversight
12-38 committee members, and members of other committees of the Cancer
12-39 Prevention and Research Institute of Texas must comply with the
12-40 changes in law made by this Act regarding the qualifications of the
12-41 employees and members.

12-42 (d) Not later than December 1, 2013, the Cancer Prevention
12-43 and Research Institute of Texas Oversight Committee shall employ a
12-44 compliance officer and a chief executive officer as required by
12-45 Subsection (c), Section 102.051, and Section 102.0511, Health and
12-46 Safety Code, as added by this Act.

12-47 (e) As soon as practicable after the effective date of this
12-48 Act, the Cancer Prevention and Research Institute of Texas
12-49 Oversight Committee shall establish a compliance program as
12-50 required by Section 102.263, Health and Safety Code, as added by
12-51 this Act.

12-52 SECTION 23. This Act takes effect immediately if it
12-53 receives a vote of two-thirds of all the members elected to each
12-54 house, as provided by Section 39, Article III, Texas Constitution.
12-55 If this Act does not receive the vote necessary for immediate
12-56 effect, this Act takes effect September 1, 2013.

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