By: Thompson of Harris, Bonnen, Goldman, Coleman, Meyer, et al. 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
potential for a medical or scientific breakthrough in brain-related sciences and biomedical research, and enhance the brain research superiority of this state;

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

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

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

SUBCHAPTER B. POWERS AND DUTIES OF INSTITUTE

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

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

(A) implementing the research plan;
(B) researching:

(i) the causes of and prevention, treatment, rehabilitation, and cures for brain-related diseases, syndromes, disorders, dysfunction, injuries, developmental issues,
neurological health issues, mental and behavioral health issues, and substance abuse disorders and other addictions; and

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

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

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

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

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

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

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

(6) shall ensure that all grant proposals comply with this chapter and rules adopted under this chapter before the
proposals are submitted to the oversight committee for approval;
(7) shall establish procedures to document that the
institute, its employees, and any committee members appointed under
this chapter comply with all rules governing conflicts of interest
and the peer review process developed under Section 157.252; and
(8) shall create a statewide research and clinical
data registry for brain research.

(b) The institute shall establish a program integration
committee composed of:
(1) the institute’s chief executive officer;
(2) three senior-level institute employees
responsible for program policy and oversight appointed by the chief
executive officer, with the approval of a simple majority of the
members of the oversight committee; and
(3) the executive commissioner of the Health and Human
Services Commission or the executive commissioner’s designee.

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

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

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

Sec. 157.052. CHIEF EXECUTIVE OFFICER; CHIEF COMPLIANCE
OFFICER; ADDITIONAL OFFICERS. (a) The oversight committee shall
hire a chief executive officer. The chief executive officer shall
perform the duties required under this chapter or designated by the
oversight committee. The chief executive officer must have a
demonstrated ability to lead and develop academic, commercial, and governmental partnerships and coalitions.

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

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

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

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

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

Sec. 157.053. ANNUAL REPORT; INTERNET POSTING. Not later than January 31 of each year, the institute shall prepare and submit to the governor, the lieutenant governor, the speaker of the house of representatives, and each standing committee of the legislature having primary jurisdiction over institute matters and post on the institute's Internet website a written report that outlines:
(1) the institute's activities under this chapter;
(2) a list of grant recipients during the preceding state fiscal year, including the grant amount awarded to each recipient;
(3) any research accomplishments made during the preceding state fiscal year by a grant recipient or the recipient's partners;
(4) an overview summary of the institute's financial records and strategies;
(5) an assessment of the relationship between the institute's grants and the strategy of its research program;
(6) a statement of the institute's strategic research plans;
(7) an estimate of the amount of money brain disease has cost this state during the most recent state fiscal year for which data is available, including the amounts spent by this state relating to brain disease by the Medicaid program, the Teacher Retirement System of Texas, and the Employees Retirement System of Texas;
(8) a statement of the institute's compliance program activities, including any proposed legislation or other recommendations identified through the activities;
(9) for the preceding state fiscal year:
   (A) a list of any conflicts of interest under this chapter or rules adopted under this chapter;
   (B) any conflicts of interest that require recusal under Section 157.107;
(C) any unreported conflicts of interest confirmed by an investigation conducted under Section 157.109, including any actions taken by the institute regarding an unreported conflict of interest and subsequent investigation; and

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

(10) the institute's future direction.

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

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

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

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

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

(2) each grant recipient's financial reports;

(3) each grant recipient's progress reports; and
(4) the institute's review of the grant recipient's financial and progress reports.

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

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

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

SUBCHAPTER C. OVERSIGHT COMMITTEE

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

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

(1) three members appointed by the governor;

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

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

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

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

(2) owns or controls, directly or indirectly, an interest in an entity or collaborative partner receiving money from
the institute; or

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

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

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

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

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

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

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

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

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

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

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

(c) The oversight committee shall:

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

(2) develop and implement policies that distinguish
the responsibilities of the oversight committee and the committee's
officers from the responsibilities of the chief executive officer
and institute employees.
Sec. 157.105. EXPENSES. A member of the oversight committee is not entitled to compensation but is entitled to reimbursement for actual and necessary expenses incurred in attending meetings of the committee or performing other official duties authorized by the presiding officer.

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

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

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

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

(2) serves as an elected or appointed officer of the entity.
(3) is an employee of or is negotiating future employment with the entity;

(4) represents the entity;

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

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

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

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

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

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

e) Nothing in this chapter limits the authority of the oversight committee to adopt additional conflict-of-interest standards.
review or other action, the member shall:

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

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

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

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

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

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

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

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

(2) recuse himself or herself from participating in
the review, discussion, deliberation, and vote on the application
and from accessing information regarding the matter to be decided.
(d) An oversight committee member, program integration committee member, peer review committee member, or institute employee with a conflict of interest may seek a waiver as provided by Section 157.108.

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

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

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

(1) authorize the chief executive officer or an oversight committee member to propose the granting of a waiver by submitting to the presiding officer of the oversight committee a
written statement about the conflict of interest, the exceptional
circumstance requiring the waiver, and any proposed limitations to
the waiver;

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

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

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

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

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

(b) A grant applicant seeking an investigation regarding
whether a prohibited conflict of interest was not reported shall
file a written request with the institute's chief executive
officer. The applicant must:

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

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

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

   (1) investigate the matter; and

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

       (A) a statement of facts;

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

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

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

   (e) After receiving the opinion and consulting with the presiding officer of the oversight committee, the chief executive
officer shall take action regarding the recusal of the individual from any discussion of or access to information related to the conflict of interest or other recommended action related to the impropriety or self-dealing. If the alleged conflict of interest, impropriety, or self-dealing is held by, or is an act of, the chief executive officer, the presiding officer of the oversight committee shall take actions regarding the recusal or other action.

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

(1) reconsideration of the application; or

(2) referral of the application to another peer review committee for review.

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

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

(d) Unless specifically determined by the chief executive officer...
officer, if applicable, the presiding officer of the oversight committee, or the oversight committee, the validity of an action taken on a grant application is not affected by the fact that an individual who failed to report a conflict of interest participated in the action.

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

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

(1) hire a chief executive officer;

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

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

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

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

SUBCHAPTER D. OTHER INSTITUTE COMMITTEES

Sec. 157.151. PEER REVIEW COMMITTEE. (a) The oversight committee shall establish the peer review committee. The chief
executive officer, with approval by a simple majority of the
members of the oversight committee, shall appoint as members of the
peer review committee experts in fields related to the brain,
including research, health care, disease treatment and prevention,
and other study areas.

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

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

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

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

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

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

(l) one member appointed by the president of Baylor
College of Medicine;
H.B. No. 15

(2) one member appointed by the president of Texas A&M University Health Science Center;

(3) one member appointed by the president of Texas Tech University Health Sciences Center;

(4) one member appointed by the president of Texas Tech University Health Sciences Center at El Paso;

(5) one member appointed by the president of The University of Texas Southwestern Medical Center;

(6) one member appointed by the president of The University of Texas Medical Branch at Galveston;

(7) one member appointed by the president of The University of Texas Health Science Center at Houston;

(8) one member appointed by the president of The University of Texas Health Science Center at San Antonio;

(9) one member appointed by the president of The University of Texas Health Science Center at Tyler;

(10) one member appointed by the dean of Dell Medical School at The University of Texas at Austin;

(11) one member appointed by the president of The University of Texas M. D. Anderson Cancer Center;

(12) one member appointed by the dean of The University of Texas Rio Grande Valley School of Medicine;

(13) one member appointed by the president of University of North Texas Health Science Center at Fort Worth;

(14) one member appointed by the dean of University of Houston College of Medicine; and

(15) one member appointed by the dean of Sam Houston
State University College of Osteopathic Medicine.

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

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

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

SUBCHAPTER E. FUNDING

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

(b) The Brain Institute of Texas research fund consists of:

(1) appropriations of money to the fund by the legislature, except that the appropriated money does not include the proceeds from the issuance of bonds authorized by Section 68, Article III, Texas Constitution;

(2) gifts and grants, including grants from the federal government, and other donations received for the fund; and

(3) interest earned on the investment of money in the
The fund may only be used for:

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

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

(3) the operation of the institute;

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

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

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

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

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

(d) The Texas Public Finance Authority shall issue the bonds
in accordance with and subject to Chapter 1232, Government Code, and Texas Public Finance Authority rules. The bonds may be issued in installments.

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

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

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

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

(d) Not more than 10 percent of the money appropriated by the legislature for grants in a state fiscal year may be used for
prevention projects and strategies to mitigate the incidence of detrimental health impacts on the brain during that year.

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

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

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

SUBCHAPTER F. PROCEDURE FOR AWARDING GRANTS

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

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

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

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

(3) a health care organization in this state;

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

(5) a private company in this state;

(6) a federal, state, or local government for a
project based in this state; or

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

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

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

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

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

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

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

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

(B) is substantially based on the list submitted by the peer review committee under Subdivision (1); and
(C) to the extent possible, gives priority to
proposals that:

(i) align with the research plan;
(ii) align with state priorities and needs,
including priorities and needs outlined in other state agency
strategic plans, or address federal or other major research
sponsors’ priorities in scientific or technological fields in the
area of brain research;
(iii) enhance the research superiority at
eligible institutions of higher education by creating new research
superiority, attracting existing research superiority, or
enhancing existing research superiority;
(iv) benefit the residents of this state,
including a demonstrable economic or job creation benefit to this
state; and
(v) if applicable, are interdisciplinary or
interinstitutional, or have collaborators or partnerships.

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

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

(1) the peer review process for the grant application;
and
(2) the application's peer review score assigned by the peer review committee.

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

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

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

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

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

(b) If the oversight committee awards grant money to fund the multiyear project, the committee must specify the total amount of that money awarded in the state fiscal year that the project is approved. The institute shall distribute only the amount of grant
money that the grant recipient will spend during that fiscal year.  
The institute shall distribute the remaining grant money as the  
grant recipient needs in each subsequent state fiscal year.  

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

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

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

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

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

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

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

(3) if the grant recipient fails to meet the terms and  
conditions of the contract, the institute may terminate the  
contract using the written process prescribed in the contract and
require the recipient to repay to this state the grant money awarded
under Subchapter E and any related interest applicable under the
contract at the agreed rate and on the agreed terms.

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

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

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

(c) The oversight committee may transfer its management and
disposition authority over this state's interest in securities,
equities, royalties, income, and other benefits realized as a
result of projects undertaken with money awarded under Subchapter E to the Texas Treasury Safekeeping Trust Company. If the oversight committee transfers management and disposition authority to the trust company, the company has all powers necessary to accomplish the purposes of this section.

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

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

Sec. 157.258. HISTORICALLY UNDERUTILIZED BUSINESSES. The oversight committee shall establish standards to ensure that grant recipients purchase goods and services from historically underutilized businesses as defined by Section 2161.001,
Government Code, and any other applicable state law.

Sec. 157.259. GRANT COMPLIANCE AND PROGRESS EVALUATION. 
(a) The oversight committee shall require as a condition of a grant awarded under this chapter that the grant recipient submit to regular reviews of the grant project by institute staff to ensure compliance with the terms of the grant and to ensure ongoing progress, including the scientific merit of the research.

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

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

(d) The institute shall implement a system to:
   (1) track the dates grant recipient reports are due and are received by the institute; and
   (2) monitor the status of any required report not timely submitted to the institute by a grant recipient.

(e) The chief compliance officer shall monitor compliance with this section and shall inquire into and monitor the status of any required report not timely submitted to the institute by a grant recipient. The chief compliance officer shall notify the general counsel for the institute and the oversight committee of a grant recipient that has not complied with the reporting requirements or
provisions of the grant contract to allow the institute to begin
suspension or termination of the grant contract. This subsection
does not limit other remedies available under the grant contract.

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

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

(1) the applicant's name and address;
(2) the amount requested in the applicant's grant
proposal;
(3) the type of brain research to be addressed under
the proposal; and
(4) any other information the institute designates
with the consent of the grant applicant.

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

(1) all information, other than the information
required under Subsection (a) that is contained in a grant award
application, peer review evaluation, award contract, or progress
report relating to a product, device, or process, the application
or use of the product, device, or process, and all technological and
scientific information, including computer programs, developed wholly or partly by a grant applicant or recipient, regardless of whether patentable or capable of being registered under copyright or trademark laws, that has a potential for being sold, traded, or licensed for a fee; and

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

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

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

(1) ethics and standards of conduct;

(2) financial reporting;

(3) internal accounting controls; and

(4) auditing.

(b) The institute shall establish a compliance program that operates under the direction of the institute's chief compliance officer. The institute may establish procedures, including a
telephone hotline, to allow private access to the compliance
program office and to preserve the confidentiality of
communications and the anonymity of a person making a compliance
report or participating in a compliance investigation.

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

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

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

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

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

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

(1) a law enforcement agency or prosecutor;

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

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

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

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

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

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

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

SECTION 3. Section 61.003(6), Education Code, is amended to
(6) "Other agency of higher education" means The University of Texas System, System Administration; The University of Texas at El Paso Museum; The Texas A&M University System, Administrative and General Offices; Texas A&M AgriLife Research; Texas A&M AgriLife Extension Service; Rodent and Predatory Animal Control Service (a part of the Texas A&M AgriLife Extension Service); Texas A&M Engineering Experiment Station (including the Texas A&M Transportation Institute); Texas A&M Engineering Extension Service; Texas A&M Forest Service; Texas Division of Emergency Management; Texas Tech University Museum; Texas State University System, System Administration; Sam Houston Memorial Museum; Panhandle-Plains Historical Museum; Cotton Research Committee of Texas; Texas Water Resources Institute; Texas A&M Veterinary Medical Diagnostic Laboratory; Brain Institute of Texas; and any other unit, division, institution, or agency which shall be so designated by statute or which may be established to operate as a component part of any public senior college or university, or which may be so classified as provided in this chapter.

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

(b) Notwithstanding Section 157.101, Education Code, as
added by this Act, in making the initial appointments under that
section, the governor, lieutenant governor, and speaker of the
house of representatives shall, as applicable, designate one member
of the Brain Institute of Texas appointed by that person to serve a
term expiring January 31, 2024, one member appointed by that person
to serve a term expiring January 31, 2026, and one member appointed
by that person to serve a term expiring January 31, 2028.

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

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