

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 19, 2023

TO: Honorable John Kuempel, Chair, House Committee on Higher Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB15 by Thompson, Senfronia (Relating to the creation of the Mental Health and Brain Research Institute of Texas.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB15, As Introduced : an impact of \$0 through the biennium ending August 31, 2025.

The Mental Health and Brain Research Institute of Texas is required to implement a provision of this bill only if the legislature appropriates money specifically for that purpose.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	\$0
2025	\$0
2026	\$0
2027	\$0
2028	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from New Other Fund - Mental Health and Brain Institute Research Fund</i>	<i>Change in Number of State Employees from FY 2021</i>
2024	(\$11,171,000)	44.0
2025	(\$322,342,000)	44.0
2026	(\$322,342,000)	44.0
2027	(\$322,342,000)	44.0
2028	(\$322,342,000)	44.0

Fiscal Analysis

The bill would amend the Education Code to establish the Mental Health and Brain Research Institute of Texas (institute) to support research on mental health and brain-related health and diseases. Research would be funded by grants from the institute through a transfer from the General Revenue Fund under section 68, Article III, Texas Constitution; legislative appropriations; gifts; grants; interest; dividends; patent, royalty, and license

income; and other income. The bill would establish a higher education advisory committee, an oversight committee, a program integration committee, and a peer review committee.

The bill would require that all appointments be made to the oversight committee no later than December 1, 2024. The oversight committee would not be able to begin official action until a majority of the appointed officers have taken office.

The bill would require the oversight committee to hire a chief executive officer and a chief compliance officer for the institute. The bill would authorize the chief executive officer to hire any other officer position the chief executive officer determines necessary.

The bill would establish in statute the Mental Health and Brain Institute of Texas Research Fund as created under section 68, Article III, Texas Constitution. The fund would initially be funded with a transfer of \$3.0 billion from the General Revenue Fund as provided by the associated constitutional amendment. The fiscal impact from this transfer is shown in the fiscal note for HJR 135. Additionally, the fund may consist of legislative appropriations; gifts; grants; interest; dividends; patent, royalty, and license income; and other income. Authorized uses of the fund are for awarding grants, including grants for mental health and brain research and for research facilities in this state to conduct mental health and brain research; the purchase of research facilities by or for a grant recipient; and the operation of the institute.

Contingent on the passage of a constitutional amendment (HJR 135), the effective date of the bill is January 1, 2024.

Note: This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

The bill would require that all appointments be made to the oversight committee no later than December 1, 2024. The oversight committee would not be able to begin official action until a majority of the appointed officers have taken office. This analysis assumes that the oversight committee is in place and has hired a chief executive officer and a chief compliance officer by March 1, 2024. This analysis assumes that the agency spends the remainder of fiscal year 2024 organizing and hiring staff and is fully staffed and begins awarding grants in fiscal year 2025. If a majority of the appointments to the oversight committee are not made by March 1, 2024, then institute activities, and the associated costs currently assumed in this fiscal note to occur in fiscal year 2024 would be pushed to fiscal year 2025.

The bill would authorize the institute to award grants of up to \$300.0 million annually. This analysis assumes that the institute awards \$300.0 million each year, beginning in fiscal year 2025.

This analysis assumes that the institute is organized similarly to, and has similar administrative costs to the Cancer Prevention and Research Institute of Texas. This analysis assumes administrative costs of \$11,171,000 in fiscal year 2024 and \$22,342,000 per year beginning in fiscal year 2025. This includes staffing costs for 44.0 FTEs of \$3.4 million in fiscal year 2024, and \$6.8 million per year beginning in fiscal year 2025. Other administrative costs include rent, supplies, utilities, travel and professional services.

The amount of any patent, royalty, and license income cannot be determined.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 347 Public Finance Authority, 781 Higher Education Coordinating Board

LBB Staff: JMc, MOc, SD, BRI