BILL ANALYSIS

C.S.S.B. 5
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Public Health
Committee Report (Substituted)

BACKGROUND AND PURPOSE

A report from the Alzheimer's Association shows that an estimated 6.9 million Americans aged 65 and older are living with Alzheimer's disease, with that number expected to double by 2060. Projections from the World Health Organization indicate that over 55 million people are affected by dementia worldwide, with that number expected to rise to 139 million by 2050. The bill sponsor has informed the committee that these statistics highlight the growing urgency to invest in research, prevention, and treatment strategies. C.S.S.B. 5 seeks to drive innovation and research on dementia, Alzheimer's disease, and Parkinson's disease by establishing the Dementia Prevention and Research Institute of Texas, which will be responsible for awarding grants to eligible institutions, supporting research into prevention and treatment strategies, and fostering collaboration between public and private entities.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Dementia Prevention and Research Institute of Texas (DPRIT) and the DPRIT oversight committee in SECTION 1 of this bill.

ANALYSIS

C.S.S.B. 5 amends the Health and Safety Code to establish the Dementia Prevention and Research Institute of Texas (DPRIT) for the following purposes:

- creating and expediting innovation in research on dementia, Alzheimer's disease, Parkinson's disease, and related disorders to improve the health of residents of Texas, enhancing the potential for a medical or scientific breakthrough in research on dementia, Alzheimer's disease, Parkinson's disease, and related disorders, and enhancing the research superiority of Texas regarding dementia, Alzheimer's disease, Parkinson's disease, and related disorders; and
- attracting, creating, or expanding research capabilities of eligible institutions of higher education and other public or private entities by awarding grants to promote a substantial increase in research on dementia, Alzheimer's disease, Parkinson's disease, and related disorders, strategies for prevention of dementia, Alzheimer's disease, Parkinson's disease, and related disorders, and the creation of exceptional jobs in Texas.

The bill continues DPRIT until September 1, 2035, as provided by the Texas Sunset Act, and expressly does not limit the authority of the state auditor under state law.

Institute Oversight Committee

C.S.S.B. 5 establishes an oversight committee as the governing body of DPRIT, composed of nine members with three members each appointed by the governor, lieutenant governor, and speaker of the house of representatives. In making these appointments, the appointing authorities must each appoint at least one person who is a physician or a scientist with extensive experience working with dementia, Alzheimer's disease, Parkinson's disease, or related disorders or in the field of public health and should attempt to include persons affected by dementia, Alzheimer's disease, Parkinson's disease, or related disorders or family members or caregivers of patients with dementia, Alzheimer's disease, Parkinson's disease, or related disorders. The bill requires the committee members to represent the geographic and cultural diversity of Texas and sets out certain conflicts of interest that preclude a person from being an oversight committee member. The bill provides for the hiring of a chief executive officer (CEO), committee meetings, terms and vacancies of committee members, election of committee officers, and the removal of a committee member on certain grounds. The bill requires the oversight committee to do the following:

- establish and approve duties and responsibilities for committee officers; and
- develop and implement policies that distinguish the responsibilities of the oversight committee and the committee's officers from the responsibilities of the CEO and DPRIT employees.

C.S.S.B. 5 establishes that a member of the oversight committee is not entitled to compensation but is entitled to reimbursement for actual and necessary expenses incurred in attending committee meetings or performing other official duties authorized by the presiding officer.

C.S.S.B. 5 requires the oversight committee to annually set priorities for each grant program, consider those priorities in awarding grants, and adopt a code of conduct applicable to each institution-affiliated committee member and employee that includes certain conflict of interest provisions. The bill requires each oversight committee member to file with DPRIT's chief compliance officer (CCO) a verified financial statement complying with specified Government Code provisions, as required of a state officer. The bill authorizes the oversight committee to adopt rules to administer the bill's provisions.

DPRIT Powers, Duties, and Authority

C.S.S.B. 5 sets out the powers, duties, and authority of DPRIT with regard to the following:

- awarding grants to institutions of learning, advanced medical research facilities, public or private persons, and collaboratives in Texas to further DPRIT's purposes as provided by the bill and applicable provisions of the Texas Constitution, including the following:
    - research, including translational and clinical research, into the causes of, means of prevention of, and treatment and rehabilitation for dementia, Alzheimer's disease, Parkinson's disease, and related disorders;
    - research, including translational research, to develop therapies, protocols, medical pharmaceuticals, or procedures for the substantial mitigation of the symptoms of dementia, Alzheimer's disease, Parkinson's disease, and related disorders;
    - facilities, equipment, and other costs related to that research; and
    - prevention programs and strategies to mitigate the detrimental health impacts of dementia, Alzheimer's disease, Parkinson's disease, and related disorders;
- collaborating with relevant state agencies, coordinating councils, and consortiums to enhance health care and research for dementia, Alzheimer's disease, Parkinson's disease, and related disorders;
- establishing the appropriate standards and oversight bodies to ensure the proper use of authorized money;
- employing necessary staff for administrative support;
- contracting with another state agency to share the cost of certain administrative services;

- monitoring grant contracts and ensuring compliance with contract terms and conditions;
- ensuring compliance of grant proposals; and
- establishing procedures relating to document compliance by DPRIT, DPRIT employees, and DPRIT committee members with laws and rules governing the peer review process and conflicts of interest.

C.S.S.B. 5 requires the DPRIT oversight committee to hire a CEO and requires the CEO to perform specified duties and to have a demonstrated ability to lead and develop academic, commercial, and governmental partnerships and coalitions. The bill requires DPRIT to employ a CCO to monitor compliance with adopted rules and the bill's provisions and to report incidents of noncompliance to the oversight committee. The bill authorizes the CEO to hire any other officer position the CEO determines necessary for DPRIT's efficient operation. The bill requires DPRIT, not later than January 31 of each year, to prepare and submit a public report to the governor, the lieutenant governor, the speaker of the house of representatives, and each standing committee of the legislature with primary jurisdiction over DPRIT matters and to post the report on DPRIT's website. The bill sets out the required contents of the public report.

C.S.S.B. 5 does the following:

- requires DPRIT to annually commission a certified public accounting firm to perform an independent financial audit of its activities;
- requires DPRIT to provide the audit to the comptroller of public accounts;
- requires the comptroller to review and evaluate the audit and annually issue a public report of that review and make recommendations concerning DPRIT's financial practices and performance;
- requires the oversight committee to review the annual financial audit, the comptroller's public report and recommendations, and the financial practices of DPRIT;
- requires DPRIT to maintain complete records, until at least the 15th anniversary of the record's date of issuance, of the following:
    - each grant application submitted to DPRIT, including each application funded by DPRIT or withdrawn after submission and the score the peer review committee assigns to each reviewed application in accordance with rules adopted under the bill's provisions;
    - each grant recipient's financial reports, including the amount of matching money dedicated to the research specified for the grant award;
    - each grant recipient's progress reports;
    - the identity of each principal investor and owner of each grant recipient as provided by DPRIT rules to determine any conflict of interest; and
    - DPRIT's review of the grant recipient's financial reports and progress reports;
- requires DPRIT to have prepared periodic audits of any electronic grant management system used to maintain such records and to timely address each weakness identified in a system audit;
- authorizes DPRIT to solicit and accept gifts and grants from any source for its purposes;
- prohibits DPRIT from supplementing the salary of any institute employee or officer with a gift or grant DPRIT receives; and
- prohibits a DPRIT employee from having an office located in a facility owned by an entity receiving or applying to receive money from DPRIT.

C.S.S.B. 5 requires DPRIT to establish a compliance program operating under the CCO's direction to monitor compliance with the bill's provisions and related rules and for use in reporting incidents of noncompliance to the oversight committee. The bill requires the CCO or the CCO's designee to attend and observe meetings of the peer review committee and the program integration committee to ensure compliance. The bill requires the CCO to submit a written report to the oversight committee confirming that each grant application recommendation included on the list the program integration committee submits complies with the oversight committee's rules regarding grant award procedures and sets out the contents of

the report. The bill requires DPRIT to implement a system to track specified information relating to grant recipient reports to ensure compliance with reporting requirements. The bill provides for the CCO's monitoring of compliance under the program, requires the CCO to establish procedures for investigating allegations of fraud, waste, or abuse of state resources against oversight committee members, DPRIT employees or contractors, grant applicants, or grant recipients, and sets out requirements relating to such procedures.

Other Institute Committees

C.S.S.B. 5 provides for the establishment and composition of a peer review committee composed of experts in related fields as specified by the bill and qualified trained patient advocates to be appointed by the DPRIT CEO with approval by a simple majority of the oversight committee. A peer review committee member serves for terms determined by the CEO and may not serve on the board of directors or other governing board of an entity receiving a grant from DPRIT. The bill authorizes a peer review committee member to receive an honorarium, which is exempt from certain provisions relating to consulting services under government contracts. The bill provides for the adoption of a policy regarding honoraria, the documentation of changes to a member's amount of paid honoraria, and the adoption of a written policy on in-state or out-of-state residency requirements for peer review committee members. The bill requires the oversight committee to adopt rules regarding the qualifications required of a trained patient advocate for membership on the peer review committee. The adopted rules must require the trained patient advocate to successfully complete science-based training.

C.S.S.B. 5 provides for the establishment of a program integration committee composed of the following:

- the DPRIT CEO, who serves as the presiding officer of the program integration committee;
- three senior-level DPRIT employees responsible for program policy and oversight, appointed by the CEO with the approval of a majority of the oversight committee members; and
- the executive commissioner of the Health and Human Services Commission or the executive commissioner's designee.

C.S.S.B. 5 establishes a higher education advisory committee composed of the following members:

- one member appointed by the chancellor of The University of Texas System;
- one member appointed by the chancellor of The Texas A&M University System;
- one member appointed by the chancellor of the Texas Tech University System;
- one member appointed by the chancellor of the University of Houston System;
- one member appointed by the chancellor of the Texas State University System;
- one member appointed by the chancellor of the University of North Texas System;
- one member appointed by the president of Baylor College of Medicine; and
- one member appointed by the president of Rice University.

The bill requires the higher education advisory committee to advise the oversight committee on issues, opportunities, the role of higher education, and other subjects involving research on dementia, Alzheimer's disease, Parkinson's disease, and related disorders.

C.S.S.B. 5 authorizes the oversight committee to create as necessary additional ad hoc advisory committees composed of experts, whose members serve for terms the oversight committee determines, to advise the oversight committee on issues relating to prevention of or research on dementia, Alzheimer's disease, Parkinson's disease, and related disorders or other issues related to dementia, Alzheimer's disease, Parkinson's disease, or related disorders. The bill establishes that members of the higher education advisory committee or any ad hoc advisory committee serve without compensation but are entitled to reimbursement for certain expenses incurred in performing authorized official duties.

Funding

C.S.S.B. 5 establishes the Dementia Prevention and Research Fund as a special fund in the treasury outside the general revenue fund to be administered by DPRIT, sets out the components of the fund, and restricts the use of the fund to the purposes authorized by applicable constitutional provisions relating to research on and prevention and treatment of dementia, Alzheimer's disease, Parkinson's disease, and related disorders in Texas, including the following purposes:

- the award of grants for research on or prevention of dementia, Alzheimer's disease, Parkinson's disease, and related disorders and research facilities in Texas to conduct that research;
- the purchase of, subject to DPRIT's approval, research facilities by or for a state agency or grant recipient; and
- DPRIT's operation.

C.S.S.B. 5 authorizes a grant recipient to use grant money for research consistent with the bill's provisions and in accordance with a contract between the recipient and DPRIT, sets out certain authorized expenses for which awarded grant money may be used, and provides caps on the amount of awarded grant money that may be used for the following purposes:

- for facility purchase, construction, remodel, or renovation purposes that benefit research on dementia, Alzheimer's disease, Parkinson's disease, or related disorders;
- for prevention projects and strategies to mitigate the incidence of dementia, Alzheimer's disease, Parkinson's disease, or related disorders; and
- for a grant recipient's indirect costs, defined by the bill as business expenses that are not readily identified with a particular grant, contract, project, function, or activity that are necessary for the general operation of the organization or the performance of the organization's activities.

Conflicts of Interest: Disclosure; Recusal

C.S.S.B. 5 requires the oversight committee to adopt conflict-of-interest rules, based on existing applicable standards, to govern DPRIT employees and associated committee members, including the oversight committee. The bill requires a member or employee to recuse themselves if the member or employee, or a specified relative of the member or employee, has a professional or financial interest in an entity awarded a grant or applying for a grant from DPRIT and sets out circumstances considered to constitute such an interest. The bill expressly does not limit the oversight committee's authority to adopt additional conflict-of-interest standards.

C.S.S.B. 5 requires an oversight committee member, program integration committee member, peer review committee member, and a DPRIT employee, as applicable, to take the following actions when there is a conflict of interest regarding an application before the member, member's committee, or employee for review or other action:

- for an oversight committee member or program integration committee member:
    - provide written notice to the CEO 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;
    - disclose the conflict of interest in an open meeting of the oversight committee; and
    - recuse themselves from participating in the review, discussion, deliberation, and vote on the application;
- for a peer review committee member:
    - provide written notice to the CEO of the conflict of interest; and
    - recuse themselves from participating in the review, discussion, deliberation, and vote on the application; or

- for a DPRIT employee:
    - provide written notice to the CEO of the conflict of interest; and
    - recuse themselves from participating in the review of the application.

The bill prohibits any committee member or DPRIT employee from accessing information regarding the matter to be decided.

C.S.S.B. 5 establishes that an employee or committee member who intentionally violates the bill's conflict-of-interest provisions is subject to removal from further participation in DPRIT's grant review process. The bill establishes that an employee or committee member who reports a potential conflict of interest or another impropriety or self-dealing of the employee or member and who fully complies with related recommendations and requirements is considered in compliance with the bill's conflict-of-interest provisions but is subject to other applicable laws, rules, requirements, and prohibitions.

C.S.S.B. 5 authorizes an employee or committee member with such a conflict of interest to seek a waiver of the conflict-of-interest requirements under exceptional circumstances requiring participation and requires the oversight committee to adopt rules governing such a waiver that do the following:

- provide for the authority of the CEO or an oversight committee member to propose granting such a waiver;
- require a proposed waiver to be publicly reported at an oversight committee meeting;
- require a majority vote of the oversight committee members present and voting to grant a waiver;
- require any waiver granted to be included in DPRIT's annual public report; and
- require DPRIT to retain documentation of each waiver granted.

C.S.S.B. 5 requires a committee member or DPRIT employee who becomes aware of an unreported potential conflict of interest to immediately notify the CEO of the potential conflict of interest. The CEO, on receipt of the notification of the potential conflict of interest, must notify DPRIT's general counsel and the oversight committee's presiding officer, who must determine the nature and extent of any unreported conflict. The bill requires a grant applicant seeking an investigation regarding whether a prohibited conflict of interest was not reported to file a written request with the CEO, which must include all facts regarding the alleged conflict of interest and be submitted not later than the 30th day after the date the CEO presents to the oversight committee final funding recommendations for the affected grant cycle. The bill sets out the required actions of DPRIT's general counsel upon notification of an alleged conflict of interest. The bill provides for the CEO or the oversight committee's presiding officer, as applicable, to take action regarding the recusal of the individual or other recommended action.

C.S.S.B. 5 requires the CEO or the oversight committee's presiding officer, as applicable, to make a final determination regarding the existence of an unreported conflict of interest 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. The bill establishes that the determination is final unless three or more oversight committee members request that the issue be added to the agenda of the oversight committee and establishes the validity of a grant application action despite an individual's participation in the action. The bill requires the CEO or the presiding officer of the oversight committee, as applicable, to provide written notice of the final determination to the grant applicant requesting the investigation.

Procedure for Awarding Grants

C.S.S.B. 5 requires DPRIT to establish a peer review process to evaluate and recommend all grants awarded by the oversight committee. The bill requires the oversight committee to adopt rules regarding the procedure for awarding grants. The rules must require the following:

- the peer review committee to score grant applications and make recommendations to the program integration and oversight committees regarding the award of grants, including

providing a prioritized list that ranks the grant applications in the order the peer review committee determines applications should be funded and includes information explaining each grant applicant's qualification under the peer review committee's standards for recommendation; and

- 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 includes documentation on the factors considered, is substantially based on the peer review committee's list, and, to the extent possible, gives priority to applications with proposals that satisfy certain criteria prescribed by the bill.

C.S.S.B. 5 does the following with respect to the award of a grant:

- prohibits a member of the peer review committee from attempting to use the member's official position to influence a decision to approve or award a grant or contract to the member's employer;
- prohibits a program integration committee member from discussing a grant applicant recommendation with an oversight committee member unless the program integration committee has submitted the list of applications approved for recommendation;
- requires two-thirds of the oversight committee members present and voting to vote to approve each grant award recommendation of the program integration committee and, if the oversight committee does not approve a recommendation, requires a statement explaining the reasons the recommendation was not followed to be included in the meeting minutes; and
- caps the award of grants for a state fiscal year at $300 million.

The bill prohibits the oversight committee from awarding a grant to an applicant who has made a gift or grant to DPRIT, an oversight committee member, or a DPRIT employee on or after January 1, 2026. The prohibition does not apply to certain gifts, fees, honoraria, or other items excepted under statutory provisions related to bribery and corrupt influence.

C.S.S.B. 5 authorizes the oversight committee to approve the award of grant money for a multiyear project and requires the oversight committee to specify the total amount of money approved to fund the multiyear project. For purposes of the bill's provisions, the total amount is considered to have been awarded in the state fiscal year the peer review committee approved the project. The bill requires DPRIT to disburse only the money to be spent during that fiscal year and to distribute the remaining grant money as needed in each subsequent state fiscal year.

C.S.S.B. 5 requires DPRIT, before disbursing a grant, to execute a written contract with the grant recipient and sets out certain terms and conditions the contract must include. The bill requires a grant recipient, before DPRIT may disburse grant money, to certify the recipient has available an unexpended amount of money equal to one-half of the grant amount dedicated to the research specified in the grant proposal. The bill requires DPRIT to adopt rules regarding a grant recipient's obligations, sets out minimum requirements for such rules, and requires DPRIT to establish a policy on advance payments to grant recipients. The bill requires the oversight committee to adopt rules to administer the bill's provisions regarding contract terms.

C.S.S.B. 5 requires the oversight committee to establish standards requiring all grant awards to be subject to an intellectual property agreement that allows the state to collect royalties, income, and other benefits, including interest or proceeds resulting from securities and equity ownership, realized from money awarded under the bill's provisions. The bill provides for DPRIT's authority to enter into a contract with one or more qualified third parties for assistance with such benefits. The bill requires DPRIT to implement practices and procedures for the management of such benefits DPRIT determines are in the best interest of the state and provides for the manner of determining the state's interest in any intellectual property rights.

C.S.S.B. 5 requires the oversight committee to establish standards to ensure grant recipients purchase goods and services from suppliers in Texas to the extent reasonably possible in a good faith effort to achieve a goal of more than 50 percent of purchases from such suppliers. The

oversight committee must also establish standards to ensure grant recipients purchase goods and services from historically underutilized businesses.

C.S.S.B. 5 requires DPRIT to require as a condition of a grant that the grant recipient submit to regular inspection reviews of the grant project by DPRIT employees to ensure compliance with the terms of the grant contract and ongoing progress. The CEO must report at least annually to the oversight committee on the progress and continued merit of the projects awarded grants. Any project that is awarded a grant under the bill's provisions must comply with all applicable federal and state laws regarding the conduct of the research or prevention project.

C.S.S.B. 5 sets out the information relating to a grant, grant applicant, grant recipient, or compliance program investigation that is public information and subject to disclosure under state public information law and the information that is not subject to disclosure under any law. The bill requires DPRIT to post on its website records that pertain to any gift, grant, or other consideration provided to DPRIT, a DPRIT employee, or an oversight committee member, in the employee's or member's official capacity. The bill requires that the posted information include each donor's name and the amount and date of the donation.

Miscellaneous Provisions

C.S.S.B. 5 requires the appropriate appointing authority, not later than December 31, 2025, to appoint the members to the oversight committee and prohibits the committee from acting until a majority of the members have taken office. The bill provides for the initial appointment of committee members with staggered terms. The bill requires the governor to designate a member to serve as the initial presiding officer of the oversight committee and requires the oversight committee to hold its first meeting at a location determined by the presiding officer not later than January 31, 2026.

C.S.S.B. 5 amends the Education Code to exempt DPRIT from a prohibition against a state agency entering into certain research contracts with an institution of higher education.

C.S.S.B. 5 amends the Government Code to include a member of DPRIT in the definition of "appointed officer of a major state agency" for purposes of statutory provisions relating to personal financial disclosure, standards of conduct, and conflict of interest.

Contingent on voter approval of the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, which provides for the establishment of DPRIT, establishes the Dementia Prevention and Research Fund to provide money for research on and prevention and treatment of dementia, Alzheimer's disease, Parkinson's disease, and related disorders in Texas, and transfers to that fund $3 billion from state general revenue, C.S.S.B. 5 makes DPRIT eligible for funding to be deposited under the authority of constitutional provisions added by that amendment for DPRIT to engage in activities serving the purposes of those provisions.

Definitions

C.S.S.B. 5 sets out the following definitions for purposes of its provisions:

- "institute" means the Dementia Prevention and Research Institute of Texas;
- "oversight committee" means the Dementia Prevention and Research Institute of Texas Oversight Committee;
- "peer review committee" means the Dementia Prevention and Research Institute of Texas Peer Review Committee; and
- "program integration committee" means the Dementia Prevention and Research Institute of Texas Program Integration Committee.

EFFECTIVE DATE

December 1, 2025, if the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, providing for the establishment of the Dementia Prevention and Research Institute of Texas, establishing the Dementia Prevention and Research Fund to provide money for research on and prevention and treatment of dementia, Alzheimer's disease, Parkinson's disease, and related disorders in Texas, and transferring to that fund $3 billion from state general revenue is approved by the voters.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 5 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.

The substitute makes the bill's provisions applicable to Alzheimer's disease, Parkinson's disease, and related disorders by replacing the engrossed version's references to "dementia and related disorders" with references to "dementia, Alzheimer's disease, Parkinson's disease, and related disorders."