By:  Wilson, et al. (Senate Sponsor - Hughes, et al.) H.B. No. 127

(In the Senate - Received from the House May 15, 2025; May 16, 2025, read first time and referred to Committee on Education K-16; May 27, 2025, reported adversely, with favorable Committee Substitute by the following vote: Yeas 9, Nays 0; May 27, 2025, sent to printer.)

COMMITTEE VOTE

                    Yea Nay Absent  PNV

Creighton            X

Campbell             X

Bettencourt          X

Hagenbuch                      X

Hinojosa of Nueces   X

King                 X

Menéndez             X

Middleton            X

Parker               X

Paxton               X

West                           X

COMMITTEE SUBSTITUTE FOR H.B. No. 127 By:  Parker

A BILL TO BE ENTITLED

AN ACT

relating to measures to protect institutions of higher education from foreign adversaries and to the prosecution of the criminal offense of theft of trade secrets; increasing a criminal penalty.

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

SECTION 1.  Subchapter Z, Chapter 51, Education Code, is amended by adding Section 51.957 to read as follows:

Sec. 51.957.  HIGHER EDUCATION RESEARCH SECURITY COUNCIL. (a) In this section:

(1)  "Council" means the Higher Education Research Security Council established under this section.

(2)  "Governing board," "institution of higher education," "private or independent institution of higher education," "public junior college," "public technical institute," and "university system" have the meanings assigned by Section 61.003.

(3)  "Postsecondary educational institution" means an institution of higher education, other than a public junior college or public technical institute, or a private or independent tier one research institution.

(4)  "Private or independent tier one research institution" means a private or independent institution of higher education designated as R1: very high spending and doctorate production in the 2025 Carnegie Classification of Institutions of Higher Education published by the Indiana University Center for Postsecondary Research.

(b)  The Higher Education Research Security Council is established to promote secure academic research at postsecondary educational institutions while mitigating the risk of foreign espionage and interference.

(c)  The council is composed of the following members:

(1)  one research security officer appointed by the governing board of each university system;

(2)  one additional research security officer appointed by each governing board of a university system that oversees one or more medical schools, as defined by Section 61.501, if the governing board elects to make that additional appointment;

(3)  one research security officer appointed by the governing board of Texas Southern University; and

(4)  one research security officer appointed by each private or independent tier one research institution that elects to participate in the council.

(d)  A council member appointed under Subsection (c)(2) or (4) serves as a nonvoting member.

(e)  A council member serves at the will of the person who appointed the member.

(f)  A vacancy on the council shall be filled in the same manner as the original appointment.

(g)  The council member appointed under Subsection (c)(1) for The Texas A&M University System shall serve as the initial presiding officer of the council.

(h)  The council shall:

(1)  identify best practices for a postsecondary educational institution to:

(A)  conduct research securely while mitigating the threat of foreign espionage and interference; and

(B)  vet and approve any gift to a postsecondary educational institution from an individual who is a citizen of a foreign adversary, as defined by Section 51B.001;

(2)  develop a model research security policy that a postsecondary educational institution may adopt to improve research security;

(3)  establish an accreditation process under which the council may award a postsecondary educational institution an accreditation for security excellence;

(4)  promote attendance at the annual academic security and counter exploitation program seminar offered by The Texas A&M University System; and

(5)  develop and offer an annual training program for postsecondary educational institution research security officers that includes:

(A)  background and academic history checks of researchers; and

(B)  research security and integrity tools and software that must be used to prevent the loss of intellectual capital.

(i)  The council shall meet at least once each quarter.

(j)  A meeting conducted under Subsection (i) must be in person or by video conference call, as determined by the presiding officer.

(k)  The council shall prepare and submit to the governor, the attorney general's office, and the presiding officer of each legislative committee with primary jurisdiction over higher education an annual report on the status of research security at postsecondary educational institutions and any associated recommendations.

(l)  Unless otherwise approved by the council for dissemination to postsecondary educational institutions, information produced by the council under Subsection (h) is confidential and is not subject to disclosure under Chapter 552, Government Code. A report submitted under Subsection (k) is confidential and is not subject to disclosure under Chapter 552, Government Code.

(m)  The council may solicit and accept gifts, grants, and donations for purposes of this section but may not solicit or accept a gift, grant, or donation from an entity or country:

(1)  prohibited from participating in federal contracts under Section 889, John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Pub. L. No. 115-232);

(2)  identified as a Chinese military company by the United States Department of Defense in accordance with Section 1260H, William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (Pub. L. No. 116-283);

(3)  owned by the government of a country designated as a foreign adversary by the United States secretary of commerce under 15 C.F.R. Section 791.4; or

(4)  controlled by a governing or regulatory body located in a country described by Subdivision (3).

SECTION 2.  Subtitle A, Title 3, Education Code, is amended by adding Chapter 51B to read as follows:

CHAPTER 51B. HIGHER EDUCATION RESEARCH AND PROTECTION

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 51B.001.  DEFINITIONS. In this chapter:

(1)  "Company" has the meaning assigned by Section 117.001, Business & Commerce Code.

(2)  "Coordinating board" means the Texas Higher Education Coordinating Board.

(3)  "Council" means the Higher Education Research Security Council established under Section 51.957.

(4)  "Foreign adversary" means a country:

(A)  identified by the United States Director of National Intelligence as a country that poses a risk to the national security of the United States in at least one of the three most recent Annual Threat Assessments of the U.S. Intelligence Community issued pursuant to Section 108B, National Security Act of 1947 (50 U.S.C. Section 3043b); or

(B)  designated by the governor after consultation with the director of the Department of Public Safety.

(5)  "Foreign government" means the government or an agent of a country, nation, or group of nations, or a province or other political subdivision of a country or nation, other than the United States government.

(6)  "Foreign source" means:

(A)  a foreign government or agency of a foreign government;

(B)  a legal entity created solely under the laws of a foreign adversary and having its principal place of business in a foreign adversary;

(C)  an individual who is not a citizen or a lawful permanent resident of the United States, including a territory or protectorate of the United States;

(D)  a partnership, association, organization, or other combination of persons, or a subsidiary of such an entity, organized under the laws of and having its principal place of business in a foreign adversary;

(E)  a political party of a foreign adversary; or

(F)  an agent acting on behalf of an individual or entity described by Paragraph (A), (B), (C), (D), or (E).

(7)  "Gift" means a gift, grant, endowment, award, or donation of money, property, or a service of any kind, including a conditional or unconditional pledge of the gift, grant, endowment, award, or donation.

(8)  "Institution of higher education" has the meaning assigned by Section 61.003, except that the term does not include a public junior college or public technical institute as defined by that section.

(9)  "Political party" means an organization or combination of individuals whose aim or purpose is, or who are engaged in an activity devoted to, the establishment, control, or acquisition of administration or control of a government, or the furtherance or influencing of the political or public interest, policies, or relations of a government.

Sec. 51B.002.  RULES. The coordinating board shall adopt rules necessary to implement this chapter.

SUBCHAPTER B. REQUIREMENTS FOR GIFTS FROM AND CONTRACTS WITH FOREIGN ADVERSARIES AND CERTAIN COMPANIES

Sec. 51B.051.  GIFT FROM FOREIGN ADVERSARY. (a) Except as provided by Subsection (c), an institution of higher education or employee of an institution of higher education may not accept a gift the institution or employee knows is directly or indirectly offered from a foreign source of a foreign adversary unless the gift is of de minimis value, as determined by coordinating board rule in consultation with the council.

(b)  An institution of higher education shall:

(1)  include the prohibition described by Subsection (a) in the institution's ethics policy; and

(2)  create a mechanism by which an employee of the institution may report being offered from a foreign source of a foreign adversary a gift prohibited by Subsection (a).

(c)  An institution of higher education may accept a gift of more than de minimis value from a foreign source of a foreign adversary only if:

(1)  the foreign source is an individual;

(2)  the gift is determined by the institution's research security officer serving on the council not to be an indirect gift from a government of a foreign adversary;

(3)  the institution uses the best practices adopted by the council under Section 51.957(h)(1)(B) to vet and approve the gift; and

(4)  if the gift has a value of more than $25,000, the gift is approved by the chief executive officer of the institution and disclosed to the council at an interval established by the council.

(d)  A gift described by Subsection (c)(4) is not subject to disclosure under Chapter 552, Government Code, except as otherwise required by federal or state law.

(e)  Each institution of higher education that submits reporting on foreign gift and contract disclosures to the United States Department of Education required under Section 117, Higher Education Act of 1965 (20 U.S.C. Section 1001 et seq.), shall submit that reporting to the coordinating board at the time when the institution is required to submit that reporting to the United States Department of Education.

(f)  Not later than December 1 of each year, the coordinating board shall submit to the governor, the lieutenant governor, and the speaker of the house of representatives a report detailing the information submitted by institutions of higher education under Subsection (e) for that year.

(g)  Information required to be reported under this section is not confidential except as otherwise provided by federal or state law or unless protected as a trade secret by federal or state law.

Sec. 51B.052.  INVESTIGATION. (a) An institution of higher education shall investigate an alleged violation of this subchapter if the institution receives:

(1)  a complaint from a compliance officer of a state agency or the institution; or

(2)  a sworn complaint based on substantive information and reasonable belief.

(b)  An institution of higher education may request from any person records relevant to a reasonable suspicion of a violation of this subchapter. A person who receives a request under this subsection shall produce the records not later than the 10th business day after the date the person receives the request, unless the institution and the person agree to a later date.

SUBCHAPTER C. ACADEMIC PARTNERSHIPS AND STUDENT ASSOCIATIONS

Sec. 51B.101.  DEFINITIONS. In this subchapter:

(1)  "Academic partnership" means a written statement of mutual interest in cultural exchange or academic or research collaboration or a faculty or student exchange program, study abroad program, matriculation program, recruiting program, or dual degree program.

(2)  "Benefit" and "student organization" have the meanings assigned by Section 51.9315.

Sec. 51B.102.  CERTAIN INTERNATIONAL ACADEMIC PARTNERSHIPS PROHIBITED. (a) An institution of higher education may not participate in an academic partnership with a foreign source of a foreign adversary, or an entity controlled by a foreign adversary, that:

(1)  constrains the institution's freedom of contract;

(2)  allows the institution's curriculum or values to be directed, controlled, or influenced by the foreign adversary; or

(3)  promotes an agenda detrimental to the safety or security of this state, the residents of this state, or the United States.

(b)  Before entering into an academic partnership with a foreign source of a foreign adversary, an institution of higher education shall share the partnership with the council and omit information that may be confidential or proprietary. The council may establish a process for reviewing an academic partnership under this section and best practices for institutions of higher education seeking to enter into an academic partnership. If the council determines that an academic partnership violates the prohibition under Subsection (a), the council may recommend that the institution not participate in the partnership.

(c)  Not later than December 1 of each year, the council shall submit to the governor, the lieutenant governor, and the speaker of the house of representatives a report detailing the total number of academic partnerships that were entered into by institutions of higher education but not recommended for participation by the council in the 12 months preceding the date of the report.

Sec. 51B.103.  PROHIBITIONS IN RELATION TO CERTAIN FOREIGN INFLUENCE ON STUDENT ORGANIZATION. (a) A student organization at an institution of higher education may not:

(1)  accept a gift from a foreign adversary or an agent of a foreign adversary; or

(2)  enter into a contract or agreement with a foreign adversary or an agent of a foreign adversary under which the student organization receives financial support.

(b)  Subsection (a) does not prohibit a student organization at an institution of higher education from accepting member dues or fees.

(c)  Each student organization at an institution of higher education annually shall certify to the institution the organization's compliance with Subsection (a).

(d)  Notwithstanding Section 51.9315, an institution of higher education may not provide any benefit to a student organization that violates this section. An institution of higher education that determines a student organization has violated this section shall terminate the organization's recognition or registration, as applicable.

SUBCHAPTER D. SCREENING OF FOREIGN RESEARCHERS

Sec. 51B.151.  SCREENING OF FOREIGN RESEARCHERS REQUIRED. (a) Before offering a person employment for a research or research-related support position at the institution or granting a person access to research data or activities or other sensitive data of the institution, an institution of higher education must screen the person as provided by this subchapter if the person:

(1)  is a citizen of a foreign country and is not a permanent resident of the United States; or

(2)  is affiliated with an institution or program, or has at least one year of employment or training, in a foreign adversary, other than employment or training by an agency of the United States.

(b)  A screening under this section must include a background check to determine if the person has any ties to a foreign adversary that would prevent the person from being able to maintain the security or integrity of the institution of higher education and research data or activities or other sensitive data of the institution. The council may establish a risk-based framework for the screening of a person under this subchapter.

(c)  If an institution of higher education procures a third party to conduct a background check under Subsection (b), the institution may consult with the Department of Public Safety and the council in determining whether the third party is qualified to conduct a background check that meets the requirements of that subsection.

(d)  An institution of higher education may screen additional persons as provided by this subchapter for a position described by Subsection (a) at the institution's discretion.

(e)  An institution of higher education may waive the screening requirement under Subsection (a) for a person who possesses an active United States government security clearance issued by a federal agency.

Sec. 51B.152.  EMPLOYMENT: REQUIRED MATERIALS. (a) An institution of higher education must require a person subject to screening under Section 51B.151 to submit to the institution:

(1)  if the person is a citizen of a foreign country, a copy of the person's passport and nonimmigrant visa application most recently submitted to the United States Department of State; and

(2)  any additional information as determined by the council.

(b)  An institution of higher education may destroy or return to a person subject to screening under Section 51B.151 the copy of the person's nonimmigrant visa application submitted under Subsection (a)(1) after extracting all information relevant to the requirements of this subchapter.

Sec. 51B.153.  RESEARCH SECURITY OFFICE. (a) The chief administrative officer of an institution of higher education shall establish a research security office to:

(1)  review the materials submitted to the institution by a person under Section 51B.152;

(2)  take reasonable steps to verify the information in the submission; and

(3)  take any other action the office considers appropriate.

(b)  A research security office established under this section may serve in an institutional or system-wide capacity.

(c)  An institution of higher education may direct the research security office to approve persons for hire using a risk-based determination that considers the nature of the research and the person's background and ongoing affiliations.

(d)  An institution of higher education must complete the requirements of this subchapter before:

(1)  hiring a person described by Section 51B.151(a) in a research or research-related support position; or

(2)  granting the person access to research data or activities or other sensitive data.

(e)  An institution of higher education may not employ a person subject to screening under Section 51B.151 in a research or research-related support position if the person fails to disclose in the submission a substantial educational, employment, or research-related activity, publication, or presentation unless the applicable department head or the department head's designee certifies in writing the substance of the failure to disclose and the reasons for disregarding that failure. A copy of the certification must be kept in the investigative file of the research security office.

(f)  The research security office shall report to any law enforcement agency designated by the governor or the institution of higher education's governing board the identity of a person who is rejected for employment based on the screening required by this subchapter or other risk-based screening.

SUBCHAPTER E. FOREIGN TRAVEL

Sec. 51B.201.  FOREIGN TRAVEL. (a) An institution of higher education shall establish an international travel approval and monitoring program.

(b)  The program must establish a risk-based framework for employment-related foreign travel approval, including health, safety, and security factors.

(c)  A research security office must preapprove certain employment-related foreign travel according to the risk-based framework established under the program. The preapproval must require a traveling employee to review and acknowledge guidance related to foreign adversaries or countries under sanctions or other restrictions by this state or the United States government.

(d)  A traveling employee must agree to comply with the institution of higher education's limitation on travel and activities abroad and all applicable federal laws.

Sec. 51B.202.  MAINTENANCE OF RECORDS AND REPORT. (a) An institution of higher education shall maintain for at least three years, or any longer period of time required by applicable federal or state law, records relating to employment-related foreign travel to and activities involving a foreign adversary by a faculty member, researcher, or research department staff member of the institution, including:

(1)  each foreign travel request and approval;

(2)  expenses reimbursed by the institution for foreign travel, including for travel, food, and lodging;

(3)  payments and honoraria received during foreign travel and activities, including for travel, food, and lodging;

(4)  a statement of the purpose of each foreign travel; and

(5)  any record related to the foreign activity review.

(b)  An institution of higher education shall annually submit to the institution's governing board a report on employment-related foreign travel by a faculty member, researcher, or research department staff member of the institution to a foreign adversary. The report must list each traveler, foreign location visited, and foreign institution visited.

SUBCHAPTER F. FOREIGN ADVERSARY EDUCATION SOFTWARE

Sec. 51B.251.  REVIEW OF EDUCATION SOFTWARE. (a) The council, in coordination with the coordinating board, shall:

(1)  conduct a thorough review of the use of testing, tutoring, or other education software owned or controlled by a foreign adversary or a company domiciled or headquartered in a foreign adversary; and

(2)  publish a list of prohibited software on the coordinating board's Internet website.

(b)  An institution of higher education may not enter into or renew a contract to provide testing, tutoring, or other education software included on the list published under Subsection (a)(2).

SUBCHAPTER G. ENFORCEMENT

Sec. 51B.301.  ENFORCEMENT. (a) An institution of higher education may not spend money appropriated to the institution for a state fiscal year until the governing board of the institution submits to the governor, the legislature, the coordinating board, and the council a report certifying the governing board's compliance with this chapter during the preceding state fiscal year.

(b)  In the interim between each regular session of the legislature, the governing board of each institution of higher education, or the board's designee, shall testify before the standing legislative committees with primary jurisdiction over higher education at a public hearing of the committee regarding the board's compliance with this chapter.

(c)  The state auditor shall periodically conduct a compliance audit of each institution of higher education to determine whether the institution has spent state money in violation of this section. The state auditor shall adopt a schedule by which the state auditor will conduct compliance audits under this subsection. The schedule must ensure that each institution of higher education is audited at least once every four years.

(d)  If the state auditor determines pursuant to a compliance audit conducted under Subsection (c) that an institution of higher education has spent state money in violation of this section, the institution:

(1)  must cure the violation not later than the 180th day after the date on which the determination is made; and

(2)  if the institution fails to cure the violation during the period described by Subdivision (1), is ineligible to receive formula funding increases, institutional enhancements, or exceptional items during the state fiscal biennium immediately following the state fiscal biennium in which the determination is made.

SECTION 3.  Section 31.05(a), Penal Code, is amended by adding Subdivisions (2-a), (2-b), and (2-c) to read as follows:

(2-a)  "Foreign agent" means an officer, employee, proxy, servant, delegate, or representative of a foreign government.

(2-b)  "Foreign government" has the meaning assigned by Section 51B.001, Education Code.

(2-c)  "Foreign instrumentality" means an agency, bureau, ministry, component, institution, association, or legal, commercial, or business organization, corporation, firm, or entity that is substantially owned, controlled, sponsored, commanded, managed, or dominated by a foreign government.

SECTION 4.  Section 31.05(c), Penal Code, is amended to read as follows:

(c)  An offense under this section is a felony of the third degree, except that the offense is a felony of the second degree if it is shown on the trial of the offense that the person who committed the offense intended to benefit a foreign agent, foreign government, or foreign instrumentality.

SECTION 5.  (a) Not later than October 1, 2025, the appropriate entities shall designate the members of the Higher Education Research Security Council established under Section 51.957, Education Code, as added by this Act.

(b)  Not later than January 1, 2026, the Higher Education Research Security Council established under Section 51.957, Education Code, as added by this Act, shall hold its initial meeting.

SECTION 6.  The changes in law made by this Act to Section 31.05, Penal Code, apply only to an offense committed on or after the effective date of this Act. An offense committed before the effective date of this Act is governed by the law in effect on the date the offense was committed, and the former law is continued in effect for that purpose. For purposes of this section, an offense was committed before the effective date of this Act if any element of the offense occurred before that date.

SECTION 7.  Section 51B.103, Education Code, as added by this Act, applies beginning with the 2025-2026 academic year.

SECTION 8.  Sections 51B.051, 51B.151, and 51B.152, Education Code, as added by this Act, apply beginning with the academic year immediately following the adoption of standards relating to those sections by the Higher Education Research Security Council established under Section 51.957, Education Code, as added by this Act.

SECTION 9.  Section 51B.301(a), Education Code, as added by this Act, applies beginning with money appropriated to a public institution of higher education for the state fiscal year beginning September 1, 2026.

SECTION 10.  This Act takes effect September 1, 2025.

\* \* \* \* \*