

Bill No. HB 1885, 1st Eng.

Amendment No.

<u>Senate</u>	CHAMBER ACTION	<u>House</u>
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Senators Latvala and Dyer moved the following amendment:

Senate Amendment (with title amendment)

Delete everything after the enacting clause

and insert:

Section 1. Section 215.5601, Florida Statutes, is created to read:

215.5601 Lawton Chiles Endowment Fund.--

(1) SHORT TITLE.--This section may be cited as the "Lawton Chiles Endowment Fund."

(2) DEFINITIONS.--As used in this section:

(a) "Board" means the State Board of Administration established by s. 16, Art. IX of the State Constitution of 1885 and incorporated into s. 9(c), Art. XII of the State Constitution of 1968.

(b) "Endowment" means the Lawton Chiles Endowment Fund.

(c) "Earnings" means all income generated by investments and the net change in the market value of assets.

(d) "State agency" or "state agencies" means the

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1 Department of Health, the Department of Children and Family
2 Services, the Department of Elderly Affairs, or the Agency for
3 Health Care Administration, or any combination thereof, as the
4 context indicates.

5 (3) LEGISLATIVE INTENT.--It is the intent of the
6 Legislature to:

7 (a) Provide a perpetual source of funding for the
8 future of state children's health programs, child welfare
9 programs, community-based health and human services
10 initiatives, and biomedical research activities.

11 (b) Ensure that enhancement revenues will be available
12 to finance these important initiatives.

13 (c) Use tobacco settlement moneys to ensure the
14 financial security of vital health and human services
15 programs.

16 (d) Encourage the development of community-based
17 solutions to strengthen and improve the quality of life of
18 Florida's most vulnerable citizens.

19 (e) Provide funds for cancer research and
20 public-health research for diseases linked to tobacco use.

21 (4) LAWTON CHILES ENDOWMENT FUND; CREATION; PURPOSES
22 AND USES.--

23 (a) There is created the Lawton Chiles Endowment Fund,
24 to be administered by the State Board of Administration. The
25 endowment shall serve as a clearing trust fund not subject to
26 termination pursuant to s. 19(f), Art. III of the State
27 Constitution and shall be funded by settlement moneys received
28 from the tobacco industry. The endowment fund shall be exempt
29 from the service charges imposed by s. 215.20.

30 (b) Funds from the endowment shall be distributed by
31 the board to trust funds of the state agencies in the amounts

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1 indicated by reference to the legislative appropriations for
2 the state agencies, except as otherwise provided in this
3 section.

4 (c) The state agencies shall use the funds from the
5 endowment to enhance or support increases in clients served or
6 in program costs in health and human services program areas.

7 (d) The Secretary of Health, the Secretary of Children
8 and Family Services, the Secretary of Elderly Affairs, and the
9 Director of Health Care Administration shall conduct meetings
10 to discuss program priorities for endowment funding prior to
11 submitting their budget requests to the Executive Office of
12 the Governor and the Legislature. The purpose of the meetings
13 shall be to gain consensus for priority requests and
14 recommended endowment funding levels for those priority
15 requests. An agency head may not designate a proxy for these
16 meetings.

17 (e) Funds from the endowment may not be used to
18 supplant existing revenues.

19 (f) When advised by the Revenue Estimating Conference
20 that a deficit will occur with respect to the appropriations
21 from the Tobacco Settlement Trust Fund in any fiscal year, the
22 Governor shall develop a plan of action to eliminate the
23 deficit. Before implementing the plan of action, the Governor
24 must comply with the provisions of section 216.177(2), Florida
25 Statutes. In developing the plan of action the Governor shall,
26 to the extent possible, preserve legislative policy and
27 intent, and, absent any specific directions to the contrary in
28 the General Appropriations Act, any reductions in
29 appropriations from the Tobacco Settlement Trust Fund for a
30 fiscal year shall be prorated among the purposes for which
31 funds were appropriated from the Tobacco Settlement Trust Fund

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1 for that year.

2 (5) ADMINISTRATION OF THE ENDOWMENT.--

3 (a) The board is authorized to invest and reinvest
4 funds of the endowment in those securities listed in s.
5 215.47, in accordance with the fiduciary standards set forth
6 in s. 215.47(9) and consistent with an investment plan
7 developed by the executive director and approved by the board.
8 Costs and fees of the board for investment services shall be
9 deducted from the earnings accruing to the endowment.

10 (b) The endowment shall be managed as an annuity. The
11 investment objective shall be long-term preservation of the
12 real value of the principal and a specified regular annual
13 cash outflow for appropriation, as nonrecurring revenue. The
14 schedule of annual cash outflow shall be included within the
15 investment plan adopted pursuant to paragraph (a).

16 (c) The board shall establish a separate account for
17 the funds of the endowment. The board shall design and operate
18 an investment portfolio that maximizes the financial return to
19 the endowment, consistent with the risks inherent in each
20 investment, and that is designed to preserve an appropriate
21 diversification of the portfolio.

22 (d) No later than February 15, 2000, the board shall
23 report on the financial status of the endowment to the
24 Governor, the Speaker of the House of Representatives, the
25 President of the Senate, the chairs of the respective
26 appropriations and appropriate substantive committees of each
27 chamber, and the Revenue Estimating Conference. Thereafter,
28 the board shall make a status report to such persons no later
29 than August 15 and February 15 of each year.

30 (e) Accountability for funds from the endowment which
31 have been appropriated to a state agency and distributed by

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1 the board shall reside with the state agency. The board is not
2 responsible for the proper expenditure or accountability of
3 funds from the endowment after distribution to a state agency.

4 (f) The board may collect a fee for service from the
5 endowment no greater than that charged to the Florida
6 Retirement System.

7 (6) AVAILABILITY OF FUNDS.--

8 (a) Funds from the endowment shall not be available
9 for appropriation to a state agency until July 1, 2000.

10 Beginning July 1, 2000, the maximum annual amount of endowment
11 funds that may be appropriated shall be in accordance with the
12 following, based on earnings averaged over 3 years:

13 1. Beginning July 1, 2000, no more than a level of
14 spending representing earnings at a rate of 3 percent.

15 2. Beginning July 1, 2001, no more than a level of
16 spending representing earnings at a rate of 4 percent.

17 3. Beginning July 1, 2002, no more than a level of
18 spending representing earnings at a rate of 5 percent.

19 4. Beginning July 1, 2003, and thereafter, no more
20 than a level of spending representing earnings at a rate of 6
21 percent.

22 (b) Notwithstanding the provisions of s. 216.301 and
23 pursuant to s. 216.351, all unencumbered balances of
24 appropriations as of June 30 or undisbursed balances as of
25 December 31 shall revert to the endowment's principal.

26 (7) ENDOWMENT PRINCIPAL; APPROPRIATION OF
27 EARNINGS.--The following amounts are appropriated from the
28 Department of Banking and Finance Tobacco Settlement Clearing
29 Trust Fund to the Lawton Chiles Endowment Fund for Health and
30 Human Services:

31 1. For Fiscal Year 1999-2000, \$1,100,000,000;

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1 2. For Fiscal Year 2000-2001, \$200,000,000;

2 3. For Fiscal Year 2001-2002, \$200,000,000; and

3 4. For Fiscal Year 2002-2003, \$200,000,000.

4 Section 2. Section 215.5602, Florida Statutes, is
5 created to read:

6 215.5602 Florida Biomedical Research Program.--

7 (1) There is established within the Lawton Chiles
8 Endowment Fund the Florida Biomedical Research Program to
9 support research initiatives that address the health care
10 problems of Floridians in the areas of cancer, cardiovascular
11 disease, stroke, and pulmonary disease. The long-term goals of
12 the program are to:

13 (a) Improve the health of Floridians by researching
14 better treatments for cancer, cardiovascular disease, stroke,
15 and pulmonary disease.

16 (b) Expand the foundation of biomedical knowledge
17 relating to the diagnosis and treatment of diseases related to
18 tobacco use, including cancer, cardiovascular disease, stroke,
19 and pulmonary disease.

20 (c) Improve the quality of the state's academic health
21 centers by bringing the advances of biomedical research into
22 the training of physicians and other health care providers.

23 (d) Increase the state's per capita funding for
24 biomedical research by undertaking new initiatives in
25 biomedical research that will attract additional funding from
26 outside the state.

27 (e) Stimulate economic activity in the state in areas
28 related to biomedical research, such as the research and
29 production of pharmaceuticals, biotechnology, and medical
30 devices.

31 (2) Funds appropriated from the Lawton Chiles

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1 Endowment Fund to the Department of Health for the purposes of
2 this section shall be used exclusively for the award of grants
3 and fellowships under the program established in this section;
4 for research relating to the diagnosis and treatment of
5 diseases related to tobacco use, including cancer,
6 cardiovascular disease, stroke, and pulmonary disease; and for
7 expenses incurred in the administration of this section.

8 (3) There is created within the Department of Health
9 the Biomedical Research Advisory Council.

10 (a) The council shall consist of nine members,
11 including: the chief executive officer of the Florida
12 Division of the American Cancer Society, or a designee; the
13 chief executive officer of the Florida/Puerto Rico Affiliate
14 of the American Heart Association, or a designee; and the
15 chief executive officer of the American Lung Association of
16 Florida, or a designee. The Governor shall appoint the
17 remaining six members of the council, as follows:

18 1. Two members with expertise in the field of
19 biomedical research.

20 2. One member with expertise in the field of
21 behavioral or social research.

22 3. One member from a professional medical
23 organization.

24 4. One member from a research university in the state.

25 5. One member representing the general population of
26 the state.

27
28 In making his appointments, the Governor shall select
29 primarily, but not exclusively, Floridians with biomedical and
30 lay expertise in the general areas of cancer, cardiovascular
31 disease, stroke, and pulmonary disease. The Governor's

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1 appointments shall be for a 3-year term and shall reflect the
2 diversity of the state's population. A council member
3 appointed by the Governor may not serve more than two
4 consecutive terms.

5 (b) The council shall adopt internal organizational
6 procedures as necessary for its efficient organization.

7 (c) The department shall provide such staff,
8 information, and other assistance as is reasonably necessary
9 to assist the council in carrying out its responsibilities.

10 (d) Members of the council shall serve without
11 compensation, but may receive reimbursement as provided in s.
12 112.061 for travel and other necessary expenses incurred in
13 the performance of their official duties.

14 (4) The council shall advise the Secretary of Health
15 as to the direction and scope of the biomedical research
16 program. The responsibilities of the council may include, but
17 are not limited to:

18 (a) Providing advice on program priorities and
19 emphases.

20 (b) Providing advice on the overall program budget.

21 (c) Participating in periodic program evaluation.

22 (d) Assisting in the development of guidelines to
23 ensure fairness, neutrality, and adherence to the principles
24 of merit and quality in the conduct of the program.

25 (e) Assisting in the development of appropriate
26 linkages to nonacademic entities, such as voluntary
27 organizations, health care delivery institutions, industry,
28 government agencies, and public officials.

29 (f) Developing criteria and standards for the award of
30 research grants.

31 (g) Developing administrative procedures relating to

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1 solicitation, review, and award of research grants and
2 fellowships, to ensure an impartial, high-quality peer review
3 system.

4 (h) Developing and supervising research peer review
5 panels.

6 (i) Reviewing reports of peer review panels and making
7 recommendations for research grants and fellowships.

8 (j) Developing and providing oversight regarding
9 mechanisms for the dissemination of research results.

10 (5)(a) Applications for biomedical research funding
11 under the program may be submitted from any university or
12 established research institute in the state. All qualified
13 investigators in the state, regardless of institution
14 affiliation, shall have equal access and opportunity to
15 compete for the research funding.

16 (b) Grants and fellowships shall be awarded by the
17 Secretary of Health, after consultation with the council, on
18 the basis of scientific merit, as determined by an open
19 competitive peer review process that ensures objectivity,
20 consistency, and high quality. The following types of
21 applications shall be considered for funding:

- 22 1. Investigator-initiated research grants.
23 2. Institutional research grants.
24 3. Predoctoral and postdoctoral research fellowships.

25 (6) To ensure that all proposals for research funding
26 are appropriate and are evaluated fairly on the basis of
27 scientific merit, the Secretary of Health, in consultation
28 with the council, shall appoint a peer review panel of
29 independent, scientifically qualified individuals to review
30 the scientific content of each proposal and establish its
31 scientific priority score. The priority scores shall be

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1 forwarded to the council and must be considered in determining
2 which proposals shall be recommended for funding.

3 (7) The council and the peer review panel shall
4 establish and follow rigorous guidelines for ethical conduct
5 and adhere to a strict policy with regard to conflict of
6 interest. No member of the council or panel shall participate
7 in any discussion or decision with respect to a research
8 proposal by any firm, entity, or agency with which the member
9 is associated as a member of the governing body or as an
10 employee, or with which the member has entered into a
11 contractual arrangement. Meetings of the council and the peer
12 review panels shall be subject to the provisions of chapter
13 119, s. 286.011, and s. 24, Art. I of the State Constitution.

14 (8) The department may contract on a competitive-bid
15 basis with an appropriate entity to administer the program.
16 Administrative expenses may not exceed 15 percent of the total
17 funds available to the program in any given year.

18 (9) The department, after consultation with the
19 council, may adopt rules as necessary to implement this
20 section.

21 (10) The council shall submit an annual progress
22 report on the state of biomedical research in this state to
23 the Governor, the Secretary of Health, the President of the
24 Senate, and the Speaker of the House of Representatives by
25 February 1. The report must include:

26 (a) A list of research projects supported by grants or
27 fellowships awarded under the program.

28 (b) A list of recipients of program grants or
29 fellowships.

30 (c) A list of publications in peer reviewed journals
31 involving research supported by grants or fellowships awarded

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1 under the program.

2 (d) The total amount of biomedical research funding
3 currently flowing into the state.

4 (e) New grants for biomedical research which were
5 funded based on research supported by grants or fellowships
6 awarded under the program.

7 (f) Progress in the treatment of diseases related to
8 tobacco use, including cancer, cardiovascular disease, stroke,
9 and pulmonary disease.

10 Section 3. This act shall take effect July 1, 1999.

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13 ===== T I T L E A M E N D M E N T =====

14 And the title is amended as follows:

15 Delete everything before the enacting clause

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17 and insert:

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A bill to be entitled

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An act relating to trust funds; creating s.

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215.5601, F.S.; creating the Lawton Chiles

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Endowment Fund for Health and Human Services;

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providing definitions; providing legislative

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intent; specifying the purposes and uses of

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endowment funds; providing for administration

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of the endowment by the State Board of

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Administration; providing for the availability

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of endowment funds; providing appropriations;

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providing for a plan of action when a deficit

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will occur with respect to appropriations from

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the Tobacco Settlement Trust Fund; creating s.

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215.5602, F.S.; establishing the Florida

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1 Biomedical Research Program within the Lawton
2 Chiles Endowment Fund; providing the goals of
3 the program; specifying the use of funds
4 appropriated under the program; creating the
5 Biomedical Research Advisory Council within the
6 Department of Health; providing for membership
7 of the council; providing reimbursement for
8 travel and other expenses for council members;
9 providing duties of the council; providing for
10 applications for funding under the program;
11 requiring the Secretary of Health to award
12 grants and fellowships, in consultation with
13 the council; providing for the appointment of a
14 peer review council to review proposals for
15 funding; requiring the Department of Health to
16 contract with an entity to administer the
17 program; providing rulemaking authority;
18 requiring the council to submit an annual
19 report to the Governor, the Secretary of
20 Health, and the Legislature; providing an
21 effective date.

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