

1 A bill to be entitled
2 An act relating to trust funds; creating s.
3 215.5601, F.S.; creating the Lawton Chiles
4 Endowment Fund for Children and Elders;
5 providing definitions; providing legislative
6 intent; specifying the purposes and uses of
7 endowment funds; providing for administration
8 of the endowment by the State Board of
9 Administration; providing for the availability
10 of endowment funds; providing appropriations;
11 providing for management of moneys in the
12 endowment as an annuity; amending s. 215.52,
13 F.S.; providing rulemaking authority; providing
14 an effective date.

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16 Be It Enacted by the Legislature of the State of Florida:

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

20 215.5601 Lawton Chiles Endowment Fund for Children and
21 Elders.--

22 (1) SHORT TITLE.--This section may be cited as the
23 "Lawton Chiles Endowment Fund for Children and Elders Act."

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

25 (a) "Board" means the State Board of Administration
26 established by s. 16, Art. IX of the State Constitution of
27 1885, as amended, and incorporated into s. 9(c), Art. XII of
28 the State Constitution of 1968, as amended.

29 (b) "Endowment" means the Lawton Chiles Endowment Fund
30 for Children and Elders.

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

3 (d) "State agency" or "state agencies" means the
4 Department of Health, the Department of Children and Family
5 Services, the Department of Elderly Affairs, or the Agency for
6 Health Care Administration, or any combination thereof, as the
7 context indicates.

8 (3) LEGISLATIVE INTENT.--It is the intent of the
9 Legislature to:

10 (a) Provide a perpetual source of funding for the
11 future of the state children's health insurance program
12 created in ss. 409.810-409.820, child welfare programs, and
13 community-based service initiatives for the elderly.

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

16 (c) Use tobacco settlement moneys to ensure the
17 financial health of vital children's and elders' programs.

18 (d) Encourage the development of community-based
19 solutions to strengthen and improve the quality of life of
20 Florida's children and elders.

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

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

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1 (b) Funds from the endowment shall be distributed by
2 the board to trust funds of the state agencies in the amounts
3 indicated by reference to the legislative appropriations for
4 the state agencies.

5 (c) The state agencies shall use the funds from the
6 endowment to enhance or support increases in clients served or
7 in program costs for the state children's health insurance
8 program created in ss. 409.810-409.820, child welfare
9 programs, and community-based service initiatives for the
10 elderly.

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

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

23 (5) ADMINISTRATION OF THE ENDOWMENT.--

24 (a) The board is authorized to invest and reinvest
25 funds of the endowment in those securities listed in s.
26 215.47, in accordance with the fiduciary standards set forth
27 in s. 215.47(9) and consistent with an investment plan
28 developed by the executive director and approved by the board.
29 Costs and fees of the board for investment services shall be
30 deducted from the endowment.

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1 (b) Funds available from the endowment for
2 distribution by the board shall only be earnings received on
3 the endowment and reversions to principal. The original
4 principal deposited in the endowment from the tobacco
5 settlement for fiscal years 1999-2000 through 2002-2003, as
6 provided in subsection (7), shall not be available for
7 appropriation or distribution.

8 (c) The board shall design and operate an investment
9 portfolio that maximizes the financial return to the
10 endowment, consistent with the risks inherent in each
11 investment, and that is designed to preserve an appropriate
12 diversification of the portfolio.

13 (d) No later than February 15, 2000, the board shall
14 report on the financial status of the endowment to the
15 Governor, the President of the Senate, the Speaker of the
16 House of Representatives, the chairs of the respective
17 appropriations and applicable substantive committees of each
18 house of the Legislature, and the Revenue Estimating
19 Conference. Thereafter, the board shall make a status report
20 to such persons no later than August 15 and February 15 of
21 each year.

22 (e) Accountability for funds from the endowment that
23 have been appropriated to a state agency and distributed by
24 the board shall reside with the state agency. The board is not
25 responsible for the proper expenditure or accountability of
26 funds from the endowment after distribution to a state agency.

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

30 (6) AVAILABILITY OF FUNDS.--
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1 (a) Funds from the endowment shall not be available
2 for appropriation to a state agency until July 1, 2000.
3 Beginning July 1, 2000, the maximum annual amount of endowment
4 funds that may be appropriated shall be in accordance with the
5 following, based on earnings averaged over 3 years:

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

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

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

12 4. Beginning July 1, 2003, and thereafter, no more
13 than a level of spending representing earnings at a rate of 6
14 percent.

15 (b) Any earnings in excess of the amounts appropriated
16 in a given year shall remain part of the endowment.

17 (c) If the earnings are insufficient to provide for
18 the appropriations specified in paragraph (a), then the
19 distribution of endowment funds to the state agencies shall be
20 an amount of the appropriations reduced on a pro rata basis.

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

25 (7) ENDOWMENT PRINCIPAL.--The following amounts are
26 appropriated from the Department of Banking and Finance
27 Tobacco Settlement Clearing Trust Fund to the Lawton Chiles
28 Endowment Fund for Children and Elders and shall constitute
29 the original principal of the endowment:

30 (a) For fiscal year 1999-2000, \$1,099,900,000.

31 (b) For fiscal year 2000-2001, \$297,700,000.

1 (c) For fiscal year 2001-2002, \$383,100,000.
2 (d) For fiscal year 2002-2003, \$151,400,000.
3 (8) ANNUITY.--Notwithstanding the provisions of
4 paragraph (5)(c) and subsection (6), moneys in the endowment
5 may be managed as an annuity. Under this option, the
6 investment objective shall be long-term preservation of the
7 real value of the original principal and a specified regular
8 annual cash outflow for appropriation. The schedule of annual
9 cash outflow shall be included within the investment plan
10 adopted pursuant to paragraph (5)(a).

11 Section 2. Section 215.52, Florida Statutes, is
12 amended to read:

13 215.52 ~~Rules and regulations.~~--The board shall have
14 the power ~~and authority~~ to adopt ~~make reasonable~~ rules ~~and~~
15 ~~regulations necessary to implement~~ carry out the provisions of
16 ss. 215.44-215.53 and 215.5601.

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