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2 An act relating to trust funds; creating s.
3 215.5601, F.S.; creating the Lawton Chiles
4 Endowment Fund for Health and Human Services;
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 a plan of action when a deficit
12 will occur with respect to appropriations from
13 the Tobacco Settlement Trust Fund; creating s.
14 215.5602, F.S.; establishing the Florida
15 Biomedical Research Program within the Lawton
16 Chiles Endowment Fund; providing the goals of
17 the program; specifying the use of funds
18 appropriated under the program; creating the
19 Biomedical Research Advisory Council within the
20 Department of Health; providing for membership
21 of the council; providing reimbursement for
22 travel and other expenses for council members;
23 providing duties of the council; providing for
24 applications for funding under the program;
25 requiring the Secretary of Health to award
26 grants and fellowships, in consultation with
27 the council; providing for the appointment of a
28 peer review council to review proposals for
29 funding; requiring the Department of Health to
30 contract with an entity to administer the
31 program; providing rulemaking authority;

1 requiring the council to submit an annual
2 report to the Governor, the Secretary of
3 Health, and the Legislature; providing an
4 effective date.

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

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

10 215.5601 Lawton Chiles Endowment Fund.--

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

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

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

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

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

22 (d) "State agency" or "state agencies" means the
23 Department of Health, the Department of Children and Family
24 Services, the Department of Elderly Affairs, or the Agency for
25 Health Care Administration, or any combination thereof, as the
26 context indicates.

27 (3) LEGISLATIVE INTENT.--It is the intent of the
28 Legislature to:

29 (a) Provide a perpetual source of funding for the
30 future of state children's health programs, child welfare

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1 programs, community-based health and human services
2 initiatives, and biomedical research activities.

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

5 (c) Use tobacco settlement moneys to ensure the
6 financial security of vital health and human services
7 programs.

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

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

13 (4) LAWTON CHILES ENDOWMENT FUND; CREATION; PURPOSES
14 AND USES.--

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

22 (b) Funds from the endowment shall be distributed by
23 the board to trust funds of the state agencies in the amounts
24 indicated by reference to the legislative appropriations for
25 the state agencies, except as otherwise provided in this
26 section.

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

30 (d) The Secretary of Health, the Secretary of Children
31 and Family Services, the Secretary of Elderly Affairs, and the

1 Director of Health Care Administration shall conduct meetings
2 to discuss program priorities for endowment funding prior to
3 submitting their budget requests to the Executive Office of
4 the Governor and the Legislature. The purpose of the meetings
5 shall be to gain consensus for priority requests and
6 recommended endowment funding levels for those priority
7 requests. An agency head may not designate a proxy for these
8 meetings.

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

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

25 (5) ADMINISTRATION OF THE ENDOWMENT.--

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

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1 Costs and fees of the board for investment services shall be
2 deducted from the earnings accruing to the endowment.

3 (b) The endowment shall be managed as an annuity. The
4 investment objective shall be long-term preservation of the
5 real value of the principal and a specified regular annual
6 cash outflow for appropriation, as nonrecurring revenue. The
7 schedule of annual cash outflow shall be included within the
8 investment plan adopted pursuant to paragraph (a).

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

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

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

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

31 (6) AVAILABILITY OF FUNDS.--

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) Notwithstanding the provisions of s. 216.301 and
16 pursuant to s. 216.351, all unencumbered balances of
17 appropriations as of June 30 or undisbursed balances as of
18 December 31 shall revert to the endowment's principal.

19 (7) ENDOWMENT PRINCIPAL; APPROPRIATION OF
20 EARNINGS.--The following amounts are appropriated from the
21 Department of Banking and Finance Tobacco Settlement Clearing
22 Trust Fund to the Lawton Chiles Endowment Fund for Health and
23 Human Services:

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

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

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

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

28 Section 2. Section 215.5602, Florida Statutes, is
29 created to read:

30 215.5602 Florida Biomedical Research Program.--
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1 (1) There is established within the Lawton Chiles
2 Endowment Fund the Florida Biomedical Research Program to
3 support research initiatives that address the health care
4 problems of Floridians in the areas of cancer, cardiovascular
5 disease, stroke, and pulmonary disease. The long-term goals of
6 the program are to:

7 (a) Improve the health of Floridians by researching
8 better treatments for cancer, cardiovascular disease, stroke,
9 and pulmonary disease.

10 (b) Expand the foundation of biomedical knowledge
11 relating to the diagnosis and treatment of diseases related to
12 tobacco use, including cancer, cardiovascular disease, stroke,
13 and pulmonary disease.

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

17 (d) Increase the state's per capita funding for
18 biomedical research by undertaking new initiatives in
19 biomedical research that will attract additional funding from
20 outside the state.

21 (e) Stimulate economic activity in the state in areas
22 related to biomedical research, such as the research and
23 production of pharmaceuticals, biotechnology, and medical
24 devices.

25 (2) Funds appropriated from the Lawton Chiles
26 Endowment Fund to the Department of Health for the purposes of
27 this section shall be used exclusively for the award of grants
28 and fellowships under the program established in this section;
29 for research relating to the diagnosis and treatment of
30 diseases related to tobacco use, including cancer,
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1 cardiovascular disease, stroke, and pulmonary disease; and for
2 expenses incurred in the administration of this section.

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

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

13 1. Two members with expertise in the field of
14 biomedical research.

15 2. One member with expertise in the field of
16 behavioral or social research.

17 3. One member from a professional medical
18 organization.

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

20 5. One member representing the general population of
21 the state.

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23 In making his appointments, the Governor shall select
24 primarily, but not exclusively, Floridians with biomedical and
25 lay expertise in the general areas of cancer, cardiovascular
26 disease, stroke, and pulmonary disease. The Governor's
27 appointments shall be for a 3-year term and shall reflect the
28 diversity of the state's population. A council member
29 appointed by the Governor may not serve more than two
30 consecutive terms.

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

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

6 (d) Members of the council shall serve without
7 compensation, but may receive reimbursement as provided in s.
8 112.061 for travel and other necessary expenses incurred in
9 the performance of their official duties.

10 (4) The council shall advise the Secretary of Health
11 as to the direction and scope of the biomedical research
12 program. The responsibilities of the council may include, but
13 are not limited to:

14 (a) Providing advice on program priorities and
15 emphases.

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

17 (c) Participating in periodic program evaluation.

18 (d) Assisting in the development of guidelines to
19 ensure fairness, neutrality, and adherence to the principles
20 of merit and quality in the conduct of the program.

21 (e) Assisting in the development of appropriate
22 linkages to nonacademic entities, such as voluntary
23 organizations, health care delivery institutions, industry,
24 government agencies, and public officials.

25 (f) Developing criteria and standards for the award of
26 research grants.

27 (g) Developing administrative procedures relating to
28 solicitation, review, and award of research grants and
29 fellowships, to ensure an impartial, high-quality peer review
30 system.

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1 (h) Developing and supervising research peer review
2 panels.

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

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

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

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

19 1. Investigator-initiated research grants.
20 2. Institutional research grants.
21 3. Predoctoral and postdoctoral research fellowships.

22 (6) To ensure that all proposals for research funding
23 are appropriate and are evaluated fairly on the basis of
24 scientific merit, the Secretary of Health, in consultation
25 with the council, shall appoint a peer review panel of
26 independent, scientifically qualified individuals to review
27 the scientific content of each proposal and establish its
28 scientific priority score. The priority scores shall be
29 forwarded to the council and must be considered in determining
30 which proposals shall be recommended for funding.
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1 (7) The council and the peer review panel shall
2 establish and follow rigorous guidelines for ethical conduct
3 and adhere to a strict policy with regard to conflict of
4 interest. No member of the council or panel shall participate
5 in any discussion or decision with respect to a research
6 proposal by any firm, entity, or agency with which the member
7 is associated as a member of the governing body or as an
8 employee, or with which the member has entered into a
9 contractual arrangement. Meetings of the council and the peer
10 review panels shall be subject to the provisions of chapter
11 119, s. 286.011, and s. 24, Art. I of the State Constitution.

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

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

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

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

26 (b) A list of recipients of program grants or
27 fellowships.

28 (c) A list of publications in peer reviewed journals
29 involving research supported by grants or fellowships awarded
30 under the program.

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

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

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

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

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