

By Senator Casas

39-1493-99

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 an effective date.

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

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

17 215.5601 Lawton Chiles Endowment Fund for Children and
18 Elders.--

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

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

22 (a) "Board" means the State Board of Administration
23 established by s. 16, Art. IX of the State Constitution of
24 1885 and incorporated into s. 9(c), Art. XII of the State
25 Constitution of 1968.

26 (b) "Endowment" means the Lawton Chiles Endowment Fund
27 for Children and Elders.

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

30 (d) "State agency" or "state agencies" means the
31 Department of Health, the Department of Children and Family

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

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

6 (a) Provide a perpetual source of funding for the
7 future of children's health care, child welfare, and
8 community-based service initiatives for the elderly.

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

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

13 (d) Encourage the development of community-based
14 solutions to strengthen and improve the quality of life of
15 Florida's children and elders.

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

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

26 (b) Funds from the endowment shall be distributed by
27 the board to trust funds of the state agencies in the amounts
28 indicated by reference to the legislative appropriations for
29 the state agencies.

30 (c) The state agencies shall use the funds from the
31 endowment to enhance or support increases in clients served or

1 in program costs in the following program areas: children's
2 health care, child welfare, and community-based service
3 initiatives for the elderly.

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

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

16 (5) ADMINISTRATION OF THE ENDOWMENT.--

17 (a) The board is authorized to invest and reinvest
18 funds of the endowment in those securities listed in s.
19 215.47, in accordance with the fiduciary standards set forth
20 in s. 215.47(9) and consistent with an investment plan
21 developed by the executive director and approved by the board.
22 Costs and fees of the board for investment services shall be
23 deducted from the earnings accruing to the endowment.

24 (b) Funds available from the endowment for
25 distribution by the board shall only be those earnings
26 received on the endowment. Neither the original principal nor
27 the deposits from the tobacco settlement for fiscal years
28 1999-2000 through 2002-2003 shall be available for
29 appropriation or distribution.

30 (c) The board shall establish a separate account for
31 the funds of the endowment. The board shall design and operate

1 an investment portfolio that maximizes the financial return to
2 the endowment, consistent with the risks inherent in each
3 investment, and that is designed to preserve an appropriate
4 diversification of the portfolio.

5 (d) No later than February 15, 2000, the board shall
6 report on the financial status of the endowment to the
7 Governor, the Speaker of the House of Representatives, the
8 President of the Senate, the chairs of the respective
9 appropriations and applicable substantive committees of each
10 chamber, and the Revenue Estimating Conference. Thereafter,
11 the board shall make a status report to such persons no later
12 than August 15 and February 15 of each year.

13 (e) Accountability for funds from the endowment that
14 have been appropriated to a state agency and distributed by
15 the board shall reside with the state agency. The board is not
16 responsible for the proper expenditure or accountability of
17 funds from the endowment after distribution to a state agency.

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

21 (6) AVAILABILITY OF FUNDS.--

22 (a) Funds from the endowment shall not be available
23 for appropriation to a state agency until July 1, 2000.
24 Beginning July 1, 2000, the maximum annual amount of endowment
25 funds that may be appropriated to a state agency from the
26 earnings on the principal shall be in accordance with the
27 following:

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

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

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

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

6 (b) Any earnings in excess of the amounts appropriated
7 in a given year shall become part of the endowment's
8 principal.

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

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

17 (7) ENDOWMENT PRINCIPAL; APPROPRIATION OF EARNINGS.--

18 (a) The following amounts are appropriated from the
19 Department of Banking and Finance Tobacco Settlement Clearing
20 Trust Fund to the Lawton Chiles Endowment Fund for Children
21 and Elders:

22 1. For fiscal year 1999-2000, \$1,099,900,000.

23 2. For fiscal year 2000-2001, \$297,700,000.

24 3. For fiscal year 2001-2002, \$383,100,000.

25 4. For fiscal year 2002-2003, \$151,400,000.

26 (b) The amounts appropriated under paragraph (a)
27 constitute the principal of the endowment and are not
28 available for appropriation from the endowment, as specified
29 in paragraph (5)(b). However, any interest or other earnings
30 on such amounts accruing to the endowment from the investment
31 of such moneys shall be available for appropriation as

1 provided by this section and specific appropriation by the
2 Legislature.

3 Section 2. This act shall take effect July 1, 1999.

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6 HOUSE SUMMARY

7
8 Creates the Lawton Chiles Endowment Fund for Children and
9 Elders to provide a funding source for programs and
10 initiatives in support of children and the elderly.
11 Provides that the endowment is a clearing trust fund to
12 be used for appropriation to specified state agencies as
13 directed by legislative appropriation. Provides for
14 administration by the State Board of Administration.
15 Provides for the endowment's principal and specifies
16 purposes, uses, and availability of the earnings thereon.
17 See bill for details.

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