

By the Committee on Fiscal Policy and Senators Latvala and Casas

309-2134-99

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 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 creating s. 215.5602, F.S.; establishing the
12 Connie Mack Biomedical Research Program within
13 the Lawton Chiles Endowment Fund; providing the
14 goals of the program; specifying the use of
15 funds appropriated under the program; creating
16 the Biomedical Research Advisory Council within
17 the Department of Health; providing for
18 membership of the council; providing
19 reimbursement for travel and other expenses for
20 council members; providing duties of the
21 council; providing for applications for funding
22 under the program; requiring the Secretary of
23 Health to award grants and fellowships, in
24 consultation with the council; providing for
25 the appointment of a peer review council to
26 review proposals for funding; requiring the
27 Department of Health to contract with an entity
28 to administer the program; providing rulemaking
29 authority; requiring the council to submit an
30 annual report to the Governor, the Secretary of
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1 Health, and the Legislature; providing an
2 effective date.

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

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

8 215.5601 Lawton Chiles Endowment Fund for Health and
9 Human Services.--

10 (1) SHORT TITLE.--This section may be cited as the
11 "Lawton Chiles Endowment Fund for Health and Human Services
12 Act."

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 Fund
19 for Health and Human Services.

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 health and human services initiatives, including,
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1 but not limited to, facilities and biomedical research
2 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 FOR HEALTH AND HUMAN
14 SERVICES; CREATION; PURPOSES AND USES.--

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

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

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

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

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

13 (5) ADMINISTRATION OF THE ENDOWMENT.--

14 (a) The board is authorized to invest and reinvest
15 funds of the endowment in those securities listed in s.
16 215.47, in accordance with the fiduciary standards set forth
17 in s. 215.47(9) and consistent with an investment plan
18 developed by the executive director and approved by the board.
19 Costs and fees of the board for investment services shall be
20 deducted from the earnings accruing to the endowment.

21 (b) Funds available from the endowment for
22 distribution by the board shall only be 95 percent of the
23 annual earnings received on the endowment. Neither the
24 original principal, the annual earning reserve of 5 percent,
25 nor the deposits from the tobacco settlement for fiscal years
26 1999-2000 through 2002-2003 shall be available for
27 appropriation or distribution.

28 (c) The board shall establish a separate account for
29 the funds of the endowment. The board shall design and operate
30 an investment portfolio that maximizes the financial return to
31 the endowment, consistent with the risks inherent in each

1 investment, and that is designed to preserve an appropriate
2 diversification of the portfolio.

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

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

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

19 (6) AVAILABILITY OF FUNDS.--

20 (a) Funds from the endowment shall not be available
21 for appropriation to a state agency until July 1, 2000.
22 Beginning July 1, 2000, the maximum annual amount of endowment
23 funds that may be appropriated to a state agency from the
24 earnings on the principal shall not exceed the amount of
25 interest earnings from the previous year.

26 (b) Notwithstanding the provisions of s. 216.301 and
27 pursuant to s. 216.351, all unencumbered balances of
28 appropriations as of June 30 or undisbursed balances as of
29 December 31 shall revert to the endowment's principal.

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

- 5 1. For fiscal year 1999-2000, \$500 million;
- 6 2. For fiscal year 2000-2001, \$150 million;
- 7 3. For fiscal year 2001-2002, \$250 million; and
- 8 4. For fiscal year 2002-2003, \$100 million.

9 (b) The amounts appropriated under paragraph (a),
10 together with any additional funds that are appropriated,
11 constitute the principal of the endowment and are not
12 available for appropriation from the endowment, as specified
13 in paragraph (5)(b). However, any interest or other earnings
14 on such amounts accruing to the endowment from the investment
15 of such moneys shall be available for appropriation by the
16 Legislature.

17 (c) There is appropriated from the Lawton Chiles
18 Endowment Fund to the Connie Mack Biomedical Research Program
19 50 percent of the interest or other earnings accruing to the
20 endowment. Of the funds appropriated to the Connie Mack
21 Biomedical Research Program, 50 percent shall be distributed
22 on a competitive-project basis as provided in this paragraph
23 and 50 percent shall be appropriated directly to institutions.
24 Funds provided directly to institutions shall be distributed
25 to the following:

- 26 1. University of Florida Cancer Center, 20 percent.
- 27 2. University of Miami Medical Center, 20 percent.
- 28 3. H. Lee Moffitt Cancer Center and Research
29 Institute, 20 percent.
- 30 4. Florida State University Biomedical Research, 15
31 percent.

1 5. Florida Agricultural and Mechanical University
2 Pharmacy Research, 10 percent.

3 6. Mayo Clinic, 5 percent.

4 7. University of South Florida Biomedical Research, 5
5 percent.

6 8. Walt Disney Memorial Cancer Institute, 2.5 percent.

7 9. M.D. Anderson Cancer Center-Health Research
8 Institute, 2.5 percent.

9 Section 2. Section 215.5602, Florida Statutes, is
10 created to read:

11 215.5602 Connie Mack Biomedical Research Program.--

12 (1) There is established within the Lawton Chiles
13 Endowment Fund the Connie Mack Biomedical Research Program to
14 support research initiatives that address the health care
15 problems of Floridians in the areas of cancer, cardiovascular
16 disease, stroke, and pulmonary disease. The long-term goals of
17 the program are to:

18 (a) Improve the health of Floridians by researching
19 better treatments for cancer, cardiovascular disease, stroke,
20 and pulmonary disease.

21 (b) Expand the foundation of biomedical knowledge
22 relating to the diagnosis and treatment of diseases related to
23 tobacco use, including cancer, cardiovascular disease, stroke,
24 and pulmonary disease.

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

28 (d) Increase the state's per capita funding for
29 biomedical research by undertaking new initiatives in
30 biomedical research that will attract additional funding from
31 outside the state.

1 (e) Stimulate economic activity in the state in areas
2 related to biomedical research, such as the research and
3 production of pharmaceuticals, biotechnology, and medical
4 devices.

5 (2) Funds appropriated from the Lawton Chiles
6 Endowment Fund to the Department of Health for the purposes of
7 this section shall be used exclusively for the award of grants
8 and fellowships under the program established in this section;
9 for research relating to the diagnosis and treatment of
10 diseases related to tobacco use, including cancer,
11 cardiovascular disease, stroke, and pulmonary disease; and for
12 expenses incurred in the administration of this section.

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

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

23 1. Two members with expertise in the field of
24 biomedical research.

25 2. One member with expertise in the field of
26 behavioral or social research.

27 3. One member from a professional medical
28 organization.

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

30 5. One member representing the general population of
31 the state.

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2 In making his appointments, the Governor shall select
3 primarily, but not exclusively, Floridians with biomedical and
4 lay expertise in the general areas of cancer, cardiovascular
5 disease, stroke, and pulmonary disease. The Governor's
6 appointments shall be for a 3-year term and shall reflect the
7 diversity of the state's population. A council member
8 appointed by the Governor may not serve more than two
9 consecutive terms.

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

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

15 (d) Members of the council shall serve without
16 compensation, but may receive reimbursement as provided in s.
17 112.061 for travel and other necessary expenses incurred in
18 the performance of their official duties.

19 (4) The council shall advise the Secretary of Health
20 as to the direction and scope of the biomedical research
21 program. The responsibilities of the council may include, but
22 are not limited to:

23 (a) Providing advice on program priorities and
24 emphases.

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

26 (c) Participating in periodic program evaluation.

27 (d) Assisting in the development of guidelines to
28 ensure fairness, neutrality, and adherence to the principles
29 of merit and quality in the conduct of the program.

30 (e) Assisting in the development of appropriate
31 linkages to nonacademic entities, such as voluntary

1 organizations, health care delivery institutions, industry,
2 government agencies, and public officials.

3 (f) Developing criteria and standards for the award of
4 research grants.

5 (g) Developing administrative procedures relating to
6 solicitation, review, and award of research grants and
7 fellowships, to ensure an impartial, high-quality peer review
8 system.

9 (h) Developing and supervising research peer review
10 panels.

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

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

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

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

27 1. Investigator-initiated research grants.

28 2. Institutional research grants.

29 3. Predoctoral and postdoctoral research fellowships.

30 (6) To ensure that all proposals for research funding
31 are appropriate and are evaluated fairly on the basis of

1 scientific merit, the Secretary of Health, in consultation
2 with the council, shall appoint a peer review panel of
3 independent, scientifically qualified individuals to review
4 the scientific content of each proposal and establish its
5 scientific priority score. The priority scores shall be
6 forwarded to the council and must be considered in determining
7 which proposals shall be recommended for funding.

8 (7) The council and the peer review panel shall
9 establish and follow rigorous guidelines for ethical conduct
10 and adhere to a strict policy with regard to conflict of
11 interest. No member of the council or panel shall participate
12 in any discussion or decision with respect to a research
13 proposal by any firm, entity, or agency with which the member
14 is associated as a member of the governing body or as an
15 employee, or with which the member has entered into a
16 contractual arrangement. Meetings of the council and the peer
17 review panels shall be subject to the provisions of chapter
18 119, s. 286.011, and s. 24, Art. I of the State Constitution.

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

23 (9) The department, after consultation with the
24 council, may adopt rules as necessary to implement this
25 section.

26 (10) The council shall submit an annual progress
27 report on the state of biomedical research in this state to
28 the Governor, the Secretary of Health, the President of the
29 Senate, and the Speaker of the House of Representatives by
30 February 1. The report must include:

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

3 (b) A list of recipients of program grants or
4 fellowships.

5 (c) A list of publications in peer reviewed journals
6 involving research supported by grants or fellowships awarded
7 under the program.

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

10 (e) New grants for biomedical research which were
11 funded based on research supported by grants or fellowships
12 awarded under the program.

13 (f) Progress in the treatment of diseases related to
14 tobacco use, including cancer, cardiovascular disease, stroke,
15 and pulmonary disease.

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

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1 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
2 COMMITTEE SUBSTITUTE FOR
3 SB 2422 and SB 1952

4 Changes the name of the endowment from the "Lawton Chiles
5 Endowment Fund for Children and Elders," to the "Lawton Chiles
6 Endowment Fund for Health and Human Services." (Page 1, lines
7 17-27)

8 Amends intent language (page 2, lines 4-15) to reflect the
9 change in the title and scope of the endowment and include
10 cancer research and public health research for diseases linked
11 to tobacco use.

12 Amends the list of program purposes (page 3, lines 1-3) for
13 which endowment funds can be used to reflect the change in
14 scope of services and include facilities and biomedical
15 research among the health and human services initiatives for
16 which endowment proceeds may be used.

17 Amends the language related to availability of funds (page 4,
18 line 21, through page 5, line 5) to provide that
19 appropriations from the endowment for any given fiscal year
20 shall not exceed the amount of interest earnings on the
21 endowment fund from the prior fiscal year. Further restricts
22 annual expenditures from endowment earnings to no more than
23 95% of the of the annual earnings, with the remaining 5%
24 redeposited to the endowment. Provides that neither deposits
25 made through FY 2002-2003 nor the 5% annual reserve will be
26 available for appropriation or distribution.

27 Creates the Connie Mack Biomedical Research Program within the
28 endowment; provides goals for the program; creates a
29 Department of Health Biomedical Research Advisory Council,
30 establishes its membership and delineates functions;
31 establishes grant application and review processes and
criteria; requires annual report.

Appropriates 50% of the interest or other earnings accruing to
the Endowment to the Connie Mack Biomedical Research Program.
Of the funds appropriated to the Biomedical Research Program,
50% is required to be distributed on a competitive basis and
50% is appropriated directly to named institutions.

Establishes the level of funding appropriated to the endowment
as follows:

	Fiscal Year	Amendment
	1999-2000	\$500,000,000
	2000-2001	\$150,000,000
	2001-2002	\$250,000,000
	2002-2003	\$100,000,000
	TOTAL	\$1,000,000,000