

STORAGE NAME: h0253a.ga

DATE: April 11, 2000

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
GENERAL APPROPRIATIONS
ANALYSIS**

BILL #: HB 253

RELATING TO: Lawton Chiles Endowment Fund

SPONSOR(S): Representative Fasano

TIED BILL(S): None

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

(1) GENERAL APPROPRIATIONS YEAS 19 NAYS 0

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I. SUMMARY:

This bill provides that appropriations from the Lawton Chiles Endowment Fund be allocated on an equal basis between health and human services programs and biomedical research programs.

The General Appropriations Committee adopted a strike-everything amendment that is traveling with the bill. The amendment makes significant changes to the bill. See page five for details.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Section 215.5601, F.S., created the Lawton Chiles Endowment Fund to be administered by the State Board of Administration. The endowment serves as a clearing trust fund and is funded by settlement moneys received from the tobacco industry to enhance or support increases in clients served or in program costs in health and human services program areas. Funds are to be distributed by the board to the various state agency tobacco settlement trust funds in the amounts specified in the legislative appropriations.

The Legislative intent for the use of these funds is to:

- provide a perpetual source of funding for the future of children's health programs, child welfare, community-based health and human service initiatives and biomedical research.
- ensure that enhancement revenues will be available to finance these important initiatives.
- use tobacco settlement moneys to ensure the financial security of vital health and human services programs.
- encourage the development of community-based solutions to strengthen and improve the quality of life for Florida's most vulnerable citizens.
- provide funds for cancer research and public health research for diseases linked to tobacco use.

Over four years beginning with fiscal year 1999-2000, a total of \$1.7 billion will be deposited into the endowment fund from the Department of Banking and Finance Tobacco Settlement Clearing Trust Fund (s. 17.41, F.S.). In fiscal year 1999-2000, the amount deposited is \$1.1 billion, with \$200 million being deposited in each of the next three years. The State Board of Administration invests the endowment funds, in accordance with an approved investment plan, as an annuity to protect the real value of the endowment principal and to provide a predictable source of non-recurring revenue.

The only funds available for distribution will be the earnings received on the endowment. No funds will be available for distribution until July 1, 2000. For FY 2000-2001, no more than a level of spending representing earnings of 3 percent; for FY 2001-2002, no more than a level of spending representing earnings of 4 percent; for FY 2002-2003, no more than a level of spending representing earnings of 5 percent; for FY 2003-2004 and thereafter, no more than a level of spending representing earnings of 6 percent.

Section 215.5602, F.S., created the Florida Biomedical Research Program within the endowment fund and provides that funds appropriated to the program will be devoted to competitive grants and fellowships in research relating to diagnosis and treatment of tobacco-related illnesses including cancer, cardiovascular disease, stroke and pulmonary disease. The Biomedical Research Advisory Council was established in the Department of Health to assist the Secretary in establishing criteria and guidelines for the competitive grant program. Grants and fellowships are to be awarded on the basis of scientific merit, as determined by an open, objective peer-review process. The council is required to submit an annual progress report to the Governor, Secretary of the Department of Health, President of the Senate and Speaker of the House by February 1 of each year.

C. EFFECT OF PROPOSED CHANGES:

The bill amends section 215.5601 F.S., and provides that appropriations from the Lawton Chiles Endowment Fund be allocated on an equal basis for health and human services biomedical research programs.

The bill provides for an effective date of July 1, 2000.

D. SECTION-BY-SECTION ANALYSIS:

See EFFECT OF PROPOSED CHANGES.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

The FY 2000-2001 House budget has appropriated \$27.4 million from the Lawton Chiles Endowment Fund for health and human services programs.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

The bill does not require the counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill does not reduce the authority that municipalities or counties have to raise revenue in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

The bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 11, 2000, the General Appropriations Committee adopted a strike-everything amendment to HB 253 substantially modifying the substance of the original bill. HB 253, as amended, provides that funds from the Lawton Chiles Endowment Fund for FY 2000-2001 shall be distributed based upon legislative appropriations. Beginning FY 2001-2002, and continuing each year thereafter, funds from the Endowment available for appropriation according to the schedule established in s. 215.5601(4), F.S., shall be distributed as follows:

- 50% to the Department of Children and Family Services (DCF) to be used for children's services;
- 33.5% to the Department of Health (DOH) to be used for the biomedical research initiatives established in s. 215.5602, F.S.;
- The remaining funds to the Department of Elderly Affairs (DEA) for elder services.

Appropriations to the Departments of Children and Family Services and Elderly Affairs shall be from a unique, identifiable appropriation category called "Lawton Chiles Endowment Fund Programs." These appropriations shall be distributed according to any directions in the General Appropriations Act (GAA).

The amendment calls upon the Secretary of Health and the Director of Health Care Administration to develop a list of the top five funding priorities for both children's and elder services eligible for funding from the Endowment, with the Secretaries of Children and Family Services and Elderly Affairs respectively. These lists are to be developed no later than October 1 of each year, and made available to the advisory councils for children's and elder services created in this amendment, no later than November 15 each year.

HB 253, as amended, establishes the Lawton Chiles Endowment Fund Advisory Councils within DCF and DEA for the purposes of evaluating and ranking for legislative consideration, the recommendations submitted by the agency heads each year. The councils are to be responsible for providing criteria and guiding principles to rank and evaluate children's and elderly programs submitted by the agencies, and subsequently provide a recommendation to the legislature by February 1 each year. Moreover, the councils are to provide recommendations on funding levels for the ranked programs, as well as participate in periodic program evaluations to determine the need for continued funding.

Finally, the amendment provides \$2 million in nonrecurring funds to be appropriated from the Department of Health Tobacco Settlement Trust Fund for the Florida Biomedical Research Program.

VII. SIGNATURES:

COMMITTEE ON GENERAL APPROPRIATIONS:

Prepared by:

Staff Director:

Patrick T. Neil

David K. Coburn