

By Representative Fasano

1 A bill to be entitled
2 An act relating to the Lawton Chiles Endowment
3 Fund; amending ss. 17.41, 20.435, F.S.;
4 conforming statutory cross-references; amending
5 s. 215.5601, F.S.; providing legislative intent
6 to provide funds for the support of public
7 health and biomedical research; revising
8 procedures for the administration of the
9 endowment fund; revising provisions concerning
10 the availability and use of funds from the
11 endowment; deleting statutory authority for
12 advisory councils; amending s. 215.5602, F.S.;
13 providing for public health and biomedical
14 research; providing an effective date.

15
16 Be It Enacted by the Legislature of the State of Florida:

17
18 Section 1. Subsection (4) of section 17.41, Florida
19 Statutes, is amended to read:

20 17.41 Department of Banking and Finance Tobacco
21 Settlement Clearing Trust Fund.--

22 (4) Net proceeds of the sale of the tobacco settlement
23 agreement received by the state shall be immediately deposited
24 into the Lawton Chiles Endowment Fund, created in s. 215.5601
25 ~~s. 215.5601(4)~~, without deposit to the Tobacco Settlement
26 Clearing Trust Fund.

27 Section 2. Paragraph (h) of subsection (1) of section
28 20.435, Florida Statutes, is amended to read:

29 20.435 Department of Health; trust funds.--

30 (1) The following trust funds are hereby created, to
31 be administered by the Department of Health:

- 1 (h) Biomedical Research Trust Fund.
- 2 1. Funds to be credited to the trust fund shall
- 3 consist of funds deposited pursuant to s. 215.5601 ~~s.~~
- 4 ~~215.5601(4)~~. Funds shall be used for the purposes of the
- 5 Florida Biomedical Research Program as specified in s.
- 6 215.5602. The trust fund is exempt from the service charges
- 7 imposed by s. 215.20.
- 8 2. Notwithstanding the provisions of s. 216.301 and
- 9 pursuant to s. 216.351, any balance in the trust fund at the
- 10 end of any fiscal year shall remain in the trust fund at the
- 11 end of the year and shall be available for carrying out the
- 12 purposes of the trust fund.
- 13 3. The trust fund shall, unless terminated sooner, be
- 14 terminated on July 1, 2004.
- 15 Section 3. Section 215.5601, Florida Statutes, is
- 16 amended to read:
- 17 (Substantial rewording of section. See
- 18 s. 215.5601, F.S., for present text.)
- 19 215.5601 Lawton Chiles Endowment Fund.--
- 20 (1) LEGISLATIVE INTENT.--It is the intent of the
- 21 Legislature to:
- 22 (a) Provide a perpetual source of enhanced funding for
- 23 state children's health programs, child welfare programs,
- 24 children's community-based health and human services
- 25 initiatives, elder programs, and biomedical research
- 26 activities related to tobacco use.
- 27 (b) Use tobacco settlement moneys as the source of
- 28 enhanced funding to ensure the financial security of vital
- 29 health and human services programs for children and elders.
- 30 (c) Ensure that enhancement revenues will be available
- 31 to help finance these important programs and initiatives.

1 (d) Create an annual and perpetual source of funding
2 for biomedical research in the state in order to expand the
3 foundation of biomedical knowledge relating to the prevention,
4 diagnosis, and treatment of diseases related to tobacco use,
5 including cancer, cardiovascular disease, stroke, and
6 pulmonary disease; improve the quality of the state's academic
7 health centers by bringing the advances of biomedical research
8 into the training of physicians and other health care
9 providers; and increase the state's per capita funding for
10 biomedical research by undertaking new initiatives in
11 biomedical research which will attract additional funding from
12 outside the state while also stimulating economic activity in
13 the state in areas related to biomedical research, such as the
14 research and production of pharmaceuticals, biotechnology, and
15 medical devices.

16 (e) Encourage the development of community-based
17 solutions to strengthen and improve the quality of life of
18 Florida's most vulnerable citizens, its children and elders.

19 (2) DEFINITIONS.--As used in this section, the term:

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

24 (b) "Endowment" means the Lawton Chiles Endowment
25 Fund.

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

28 (d) "State agency" or "state agencies" means the
29 Department of Health, the Department of Children and Family
30 Services, the Department of Elderly Affairs, or the Agency for
31

1 Health Care Administration, or any combination thereof, as the
2 context indicates.

3 (3) LAWTON CHILES ENDOWMENT FUND; CREATION;
4 PRINCIPAL.--

5 (a) There is created the Lawton Chiles Endowment Fund,
6 to be administered by the State Board of Administration. The
7 endowment shall serve as a clearing trust fund, not subject to
8 termination under s. 19(f), Art. III of the State
9 Constitution. The endowment fund shall be exempt from the
10 service charges imposed by s. 215.20.

11 (b) The endowment shall receive moneys from the sale
12 of the state's right, title, and interest in and to the
13 tobacco settlement agreement as defined in s. 215.56005,
14 including the right to receive payments under such agreement,
15 and from accounts transferred from the Department of Banking
16 and Finance Tobacco Settlement Clearing Trust Fund established
17 under s. 17.41. Amounts to be transferred from the Tobacco
18 Settlement Clearing Trust Fund to the endowment shall be in
19 the following amounts for the following fiscal years:

- 20 1. For fiscal year 1999-2000, \$1.1 billion;
- 21 2. For fiscal year 2000-2001, \$200 million;
- 22 3. For fiscal year 2001-2002, \$200 million; and
- 23 4. For fiscal year 2002-2003, \$200 million.

24 (c) Amounts to be transferred under subparagraphs 2.,
25 3., and 4. of paragraph (b) may be reduced by the amount the
26 endowment receives in that fiscal year from the sale of the
27 state's right, title, and interest in and to the tobacco
28 settlement agreement.

29 (d) Beginning in fiscal year 2001-2002, \$150 million
30 of the existing principal in the endowment shall be deposited
31 in a separate account within the endowment to be used solely

1 as the source of funding for biomedical research activities as
2 provided in s. 215.5602. The remaining principal shall be used
3 solely as the source of funding for health and human services
4 programs for children and elders as provided in subsection
5 (5). The separate account for biomedical research shall be
6 dissolved and the entire principal in the endowment shall be
7 used exclusively for health and human services programs when
8 cures have been found for tobacco-related cancer, heart, and
9 lung disease.

10 (4) ADMINISTRATION.--

11 (a) The board may invest and reinvest funds of the
12 endowment in accordance with s. 215.47 and consistent with an
13 investment plan developed by the executive director and
14 approved by the board.

15 (b) The endowment shall be managed as an annuity. The
16 investment objective shall be long-term preservation of the
17 real value of the principal and a specified regular annual
18 cash outflow for appropriation, as nonrecurring revenue. From
19 the annual cash outflow, 8.82 percent shall be used solely for
20 biomedical research activities as provided in s. 215.5602,
21 until such time as cures are found for tobacco-related cancer
22 and heart and lung disease. The schedule of annual cash
23 outflow shall be included within the investment plan adopted
24 under paragraph (a).

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

31

1 (d) Costs and fees of the board for investment
2 services shall be deducted from the earnings accruing to the
3 endowment. Fees for investment services shall be no greater
4 than fees charged to the Florida Retirement System.

5 (5) AVAILABILITY OF FUNDS; USES.--

6 (a) Funds from the endowment which are available for
7 legislative appropriation shall be transferred by the board to
8 the Tobacco Settlement Clearing Trust Fund, created in s.
9 17.41, and disbursed in accordance with the legislative
10 appropriation.

11 1. Appropriations by the Legislature to the Department
12 of Health from endowment earnings from the principal set aside
13 for biomedical research shall be from a category called
14 Florida Biomedical Research Program and shall be deposited
15 into the Biomedical Research Trust Fund in the Department of
16 Health established in s. 20.435.

17 2. Appropriations by the Legislature to the Department
18 of Children and Family Services or the Department of Elderly
19 Affairs for health and human services programs shall be from a
20 category called the Lawton Chiles Endowment Fund Programs and
21 shall be deposited into each department's respective Tobacco
22 Settlement Trust Fund as appropriated.

23 (b) The secretaries of the state agencies shall
24 conduct meetings to discuss priorities for endowment funding
25 for health and human services programs for children and elders
26 before submitting their legislative budget requests to the
27 Executive Office of the Governor and the Legislature. The
28 purpose of the meetings is to gain consensus for priority
29 requests and recommended endowment funding levels for those
30 priority requests.

31

1 (c) Subject to legislative appropriations, state
2 agencies shall use distributions from the endowment to enhance
3 or support increases in clients served or to meet increases in
4 program costs in health and human services program areas.

5 Funds distributed from the endowment may not be used to
6 supplant existing revenues.

7 (d) Notwithstanding s. 216.301 and pursuant to s.
8 216.351, all unencumbered balances of appropriations as of
9 June 30 or undisbursed balances as of December 31 shall revert
10 to the endowment's principal. Unencumbered or undisbursed
11 balances appropriated for biomedical research shall revert to
12 the principal in the separate account established for
13 biomedical research activities.

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

28 Section 4. Section 215.5602, Florida Statutes, is
29 amended to read:

30 215.5602 Florida Biomedical Research Program.--

31

1 (1) There is established within the Department of
2 Health the Florida Biomedical Research Program funded by the
3 proceeds of the Lawton Chiles Endowment Fund pursuant to s.
4 215.5601 ~~s. 215.5601(4)~~. The purpose of the Florida Biomedical
5 Research Program is to provide an annual and perpetual source
6 of funding in order to support research initiatives that
7 address the health care problems of Floridians in the areas of
8 tobacco-related cancer, cardiovascular disease, stroke, and
9 pulmonary disease. The long-term goals of the program are to:
10 (a) Improve the health of Floridians by researching
11 better prevention, diagnoses, and treatments for cancer,
12 cardiovascular disease, stroke, and pulmonary disease.
13 (b) Expand the foundation of biomedical knowledge
14 relating to the prevention, diagnosis, and treatment of
15 diseases related to tobacco use, including cancer,
16 cardiovascular disease, stroke, and pulmonary disease.
17 (c) Improve the quality of the state's academic health
18 centers by bringing the advances of biomedical research into
19 the training of physicians and other health care providers.
20 (d) Increase the state's per capita funding for
21 ~~biomedical~~ research by undertaking new initiatives in public
22 health and biomedical research that will attract additional
23 funding from outside the state.
24 (e) Stimulate economic activity in the state in areas
25 related to biomedical research, such as the research and
26 production of pharmaceuticals, biotechnology, and medical
27 devices.
28 (2) Funds appropriated for the Florida Biomedical
29 Research Program shall be used exclusively for the award of
30 grants and fellowships as established in this section; for
31 research relating to the prevention, diagnosis, and treatment

1 of diseases related to tobacco use, including cancer,
2 cardiovascular disease, stroke, and pulmonary disease; and for
3 expenses incurred in the administration of this section.

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

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

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

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

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

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

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

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

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.

31

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.
31

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. A ~~No~~ member of the council or panel may not ~~shall~~
5 participate in any discussion or decision with respect to a
6 research proposal by any firm, entity, or agency with which
7 the member is associated as a member of the governing body or
8 as an 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.

31

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

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

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

9 Section 5. This act shall take effect July 1, 2001.

10 *****

11
12 LEGISLATIVE SUMMARY

13 Revises procedures for the administration of the Lawton
14 Chiles Endowment Fund and revises the availability and
15 use of funds from the endowment fund. Deletes reference
16 to advisory councils. Provides for the support of public
17 health and biomedical research.
18
19
20
21
22
23
24
25
26
27
28
29
30
31