

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; providing for a portion of
12 unappropriated funds to be deposited into the
13 endowment fund; establishing an advisory
14 council; amending s. 215.5602, F.S.; providing
15 for public health and biomedical research;
16 providing an appropriation; providing an
17 effective date.

18
19 Be It Enacted by the Legislature of the State of Florida:

20
21 Section 1. Subsection (4) of section 17.41, Florida
22 Statutes, is amended to read:

23 17.41 Department of Banking and Finance Tobacco
24 Settlement Clearing Trust Fund.--

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

30 Section 2. Paragraph (h) of subsection (1) of section
31 20.435, Florida Statutes, is amended to read:

1 20.435 Department of Health; trust funds.--

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

4 (h) Biomedical Research Trust Fund.

5 1. Funds to be credited to the trust fund shall
6 consist of funds deposited pursuant to s. 215.5601 ~~s.~~
7 ~~215.5601(4)~~. Funds shall be used for the purposes of the
8 Florida Biomedical Research Program as specified in s.
9 215.5602. The trust fund is exempt from the service charges
10 imposed by s. 215.20.

11 2. Notwithstanding the provisions of s. 216.301 and
12 pursuant to s. 216.351, any balance in the trust fund at the
13 end of any fiscal year shall remain in the trust fund at the
14 end of the year and shall be available for carrying out the
15 purposes of the trust fund.

16 3. The trust fund shall, unless terminated sooner, be
17 terminated on July 1, 2004.

18 Section 3. Section 215.5601, Florida Statutes, is
19 amended to read:

20 (Substantial rewording of section. See
21 s. 215.5601, F.S., for present text.)

22 215.5601 Lawton Chiles Endowment Fund.--

23 (1) LEGISLATIVE INTENT.--It is the intent of the
24 Legislature to:

25 (a) Provide a perpetual source of enhanced funding for
26 state children's health programs, child welfare programs,
27 children's community-based health and human services
28 initiatives, elder programs, and biomedical research
29 activities related to tobacco use.

30
31

1 (b) Use tobacco settlement moneys as the source of
2 enhanced funding to ensure the financial security of vital
3 health and human services programs for children and elders.

4 (c) Ensure that enhancement revenues will be available
5 to help finance these important programs and initiatives.

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

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

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

27 (a) "Board" means the State Board of Administration
28 established by s. 16, Art. IX of the State Constitution of
29 1885 and incorporated into s. 9(c), Art. XII of the State
30 Constitution of 1968.

31

1 **(b) "Endowment" means the Lawton Chiles Endowment**
2 **Fund.**

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

5 **(d) "State agency" or "state agencies" means the**
6 **Department of Health, the Department of Children and Family**
7 **Services, the Department of Elderly Affairs, or the Agency for**
8 **Health Care Administration, or any combination thereof, as the**
9 **context indicates.**

10 **(3) LAWTON CHILES ENDOWMENT FUND; CREATION;**
11 **PRINCIPAL.--**

12 **(a) There is created the Lawton Chiles Endowment Fund,**
13 **to be administered by the State Board of Administration. The**
14 **endowment shall serve as a clearing trust fund, not subject to**
15 **termination under s. 19(f), Art. III of the State**
16 **Constitution. The endowment fund shall be exempt from the**
17 **service charges imposed by s. 215.20.**

18 **(b) The endowment shall receive moneys from the sale**
19 **of the state's right, title, and interest in and to the**
20 **tobacco settlement agreement as defined in s. 215.56005,**
21 **including the right to receive payments under such agreement,**
22 **and from accounts transferred from the Department of Banking**
23 **and Finance Tobacco Settlement Clearing Trust Fund established**
24 **under s. 17.41. Amounts to be transferred from the Department**
25 **of Banking and Finance Tobacco Settlement Clearing Trust Fund**
26 **to the endowment shall be in the following amounts for the**
27 **following fiscal years:**

- 28 **1. For fiscal year 1999-2000, \$1.1 billion;**
- 29 **2. For fiscal year 2000-2001, \$200 million;**
- 30 **3. For fiscal year 2001-2002, \$200 million;**
- 31 **4. For fiscal year 2002-2003, \$200 million; and**

1 (c) Amounts to be transferred under subparagraphs
2 (b)2., 3., and 4. may be reduced by an amount equal to the
3 lesser of \$200 million or the amount the endowment receives in
4 that fiscal year from the sale of the state's right, title,
5 and interest in and to the tobacco settlement agreement.

6 (d) For fiscal year 2001-2002, \$150 million of the
7 existing principal in the endowment shall be reserved and
8 accounted for within the endowment, the income from which
9 shall be used solely for the funding for biomedical research
10 activities as provided in s. 215.5602. The income from the
11 remaining principal shall be used solely as the source of
12 funding for health and human services programs for children
13 and elders as provided in subsection (5). The separate account
14 for biomedical research shall be dissolved and the entire
15 principal in the endowment shall be used exclusively for
16 health and human services programs when cures have been found
17 for tobacco-related cancer, heart, and lung disease.

18 (4) ADMINISTRATION.--

19 (a) The board may invest and reinvest funds of the
20 endowment in accordance with s. 215.47 and consistent with an
21 investment plan developed by the executive director and
22 approved by the board.

23 (b) The endowment shall be managed as an annuity. The
24 investment objective shall be long-term preservation of the
25 real value of the principal and a specified regular annual
26 cash outflow for appropriation, as nonrecurring revenue. From
27 the annual cash outflow, a pro rata share shall be used solely
28 for biomedical research activities as provided in paragraph
29 (3)(d), until such time as cures are found for tobacco-related
30 cancer and heart and lung disease. Five percent of the annual
31 cash outflow dedicated to the biomedical research portion of

1 the endowment shall be reinvested and applied to that portion
2 of the endowment's principal, with the remainder to be spent
3 on biomedical research activities consistent with this
4 section. The schedule of annual cash outflow shall be included
5 within the investment plan adopted under paragraph (a).

6 (c) In accordance with s. 215.44, the board shall
7 include separate sections on the financial status of the
8 endowment in its annual investment report to the Legislature.

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

15 (e) Costs and fees of the board for investment
16 services shall be deducted from the earnings accruing to the
17 endowment. Fees for investment services shall be no greater
18 than fees charged to the Florida Retirement System.

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

20 (a) Funds from the endowment which are available for
21 legislative appropriation shall be transferred by the board to
22 the Department of Banking and Finance Tobacco Settlement
23 Clearing Trust Fund, created in s. 17.41, and disbursed in
24 accordance with the legislative appropriation.

25 1. Appropriations by the Legislature to the Department
26 of Health from endowment earnings from the principal set aside
27 for biomedical research shall be from a category called
28 Florida Biomedical Research Program and shall be deposited
29 into the Biomedical Research Trust Fund in the Department of
30 Health established in s. 20.435.

31

1 2. Appropriations by the Legislature to the Department
2 of Children and Family Services, the Department of Health, or
3 the Department of Elderly Affairs for health and human
4 services programs shall be from a category called the Lawton
5 Chiles Endowment Fund Programs and shall be deposited into
6 each department's respective Tobacco Settlement Trust Fund as
7 appropriated.

8 (b) In order to ensure that the expenditure of funds
9 earned from the Lawton Chiles Endowment Fund will be used for
10 the purposes intended by the Legislature, the Legislature
11 shall establish line item categories for the state agencies
12 describing the designated use of the appropriated funds as
13 provided in the General Appropriations Act.

14 (c) The secretaries of the state agencies shall
15 conduct meetings to discuss priorities for endowment funding
16 for health and human services programs for children and elders
17 before submitting their legislative budget requests to the
18 Executive Office of the Governor and the Legislature. The
19 purpose of the meetings is to gain consensus for priority
20 requests and recommended endowment funding levels for those
21 priority requests. No later than September 1 of each year, the
22 secretaries of the state agencies shall also submit their
23 concensus priority requests to the Lawton Chiles Endowment
24 Fund Advisory Council created in subsection (6).

25 (d) Subject to legislative appropriations, state
26 agencies shall use distributions from the endowment to enhance
27 or support increases in clients served or to meet increases in
28 program costs in health and human services program areas.
29 Funds distributed from the endowment may not be used to
30 supplant existing revenues.

31

1 (e) Notwithstanding s. 216.301 and pursuant to s.
2 216.351, all unencumbered balances of appropriations as of
3 June 30 or undisbursed balances as of December 31 shall revert
4 to the endowment's principal. Unencumbered or undisbursed
5 balances appropriated for biomedical research shall revert to
6 the principal in the separately reserved and accounted-for
7 portion of the endowment established for biomedical research
8 activities.

9 (f) When advised by the Revenue Estimating Conference
10 that a deficit will occur with respect to the appropriations
11 from the tobacco settlement trust funds of the state agencies
12 in any fiscal year, the Governor shall develop a plan of
13 action to eliminate the deficit. Before implementing the plan
14 of action, the Governor must comply with s. 216.177(2). In
15 developing the plan of action, the Governor shall, to the
16 extent possible, preserve legislative policy and intent, and,
17 absent any specific directions to the contrary in the General
18 Appropriations Act, any reductions in appropriations from the
19 tobacco settlement trust funds of the state agencies for a
20 fiscal year shall be prorated among the specific
21 appropriations made from all tobacco settlement trust funds of
22 the state agencies for that year.

23 (6) ADVISORY COUNCIL.--The Lawton Chiles Endowment
24 Fund Advisory Council is established for the purpose of
25 reviewing the funding priorities of the state agencies,
26 evaluating their requests against the mission and goals of the
27 agencies and legislative intent for the use of endowment
28 funds, and allowing for public input and advocacy.

29 (a) The advisory council shall consist of 15 members,
30 including:

31

- 1 1. The director of the United Way of Florida, Inc., or
2 his or her designee;
- 3 2. The director of the Foster Parents Association, or
4 his or her designee;
- 5 3. The chair of the Department of Elderly Affairs
6 Advisory Council, or his or her designee;
- 7 4. The president of the Florida Association of Area
8 Agencies on Aging, or his or her designee;
- 9 5. The State Long-Term Care Ombudsman, or his or her
10 designee;
- 11 6. The state director of the Florida AARP, or his or
12 her designee;
- 13 7. The director of the Florida Pediatric Society, or
14 his or her designee;
- 15 8. A representative of the Guardian Ad Litem Program,
16 appointed by the Governor;
- 17 9. A representative of a child welfare lead agency for
18 community-based care, appointed by the Governor;
- 19 10. A representative of an elder care lead agency for
20 community-based care, appointed by the Governor;
- 21 11. A representative of a statewide child advocacy
22 organization, appointed by the Governor;
- 23 12. One consumer caregiver for children, appointed by
24 the Governor;
- 25 13. One person over the age of 60 years to represent
26 the interests of elders, appointed by the Governor;
- 27 14. One person under the age of 18 years to represent
28 the interests of children, appointed by the Governor; and
- 29 15. One consumer caregiver for a functionally impaired
30 elderly person, appointed by the Governor.
- 31

1 (b) Before November 1 of each year, the advisory
2 council shall advise the Governor and the Legislature as to
3 its recommendations with respect to the priorities submitted
4 by the secretaries of the state agencies with respect to
5 endowment funding for health and human services programs for
6 children and elders. The responsibilities of the advisory
7 council include:

8 1. Evaluating the value of programs and services
9 submitted by the state agencies as they relate to the overall
10 enhancement of services to children and elders;

11 2. Developing criteria and guiding principles for
12 ranking the priorities submitted by the state agencies;

13 3. Providing recommendations with respect to funding
14 levels for the programs ranked by the advisory council;

15 4. Participating in periodic evaluation of programs
16 funded by the endowment to determine the need for continued
17 funding; and

18 5. Soliciting input from child and elder advocacy
19 organizations, community stakeholders, providers, and the
20 public with respect to statewide child and elder needs and the
21 effectiveness of program service delivery systems.

22 (c) Members of the advisory council shall serve
23 without compensation, but may receive reimbursement as
24 provided in s. 112.061 for per diem and travel expenses
25 incurred in the performance of their official duties. The
26 Department of Children and Family Services shall provide staff
27 and other administrative assistance reasonably necessary to
28 assist the advisory council in carrying out its
29 responsibilities. Administrative costs of the advisory council
30 shall be charged equally to endowment funds deposited in the
31

1 Department of Children and Family Services and the Department
2 of Elderly Affairs Tobacco Settlement Trust Funds.

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

5 215.5602 Florida Biomedical Research Program.--

6 (1) There is established within the Department of
7 Health the Florida Biomedical Research Program funded by the
8 proceeds of the Lawton Chiles Endowment Fund pursuant to s.
9 215.5601 ~~s. 215.5601(4)~~. The purpose of the Florida Biomedical
10 Research Program is to provide an annual and perpetual source
11 of funding in order to support research initiatives that
12 address the health care problems of Floridians in the areas of
13 tobacco-related cancer, cardiovascular disease, stroke, and
14 pulmonary disease. The long-term goals of the program are to:

15 (a) Improve the health of Floridians by researching
16 better prevention, diagnoses, and treatments for cancer,
17 cardiovascular disease, stroke, and pulmonary disease.

18 (b) Expand the foundation of biomedical knowledge
19 relating to the prevention, diagnosis, and treatment of
20 diseases related to tobacco use, including cancer,
21 cardiovascular disease, stroke, and pulmonary disease.

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

25 (d) Increase the state's per capita funding for
26 ~~biomedical~~ research by undertaking new initiatives in public
27 health and biomedical research that will attract additional
28 funding from outside the state.

29 (e) Stimulate economic activity in the state in areas
30 related to biomedical research, such as the research and
31

1 production of pharmaceuticals, biotechnology, and medical
2 devices.

3 (2) Funds appropriated for the Florida Biomedical
4 Research Program shall be used exclusively for the award of
5 grants and fellowships as established in this section; for
6 research relating to the prevention, diagnosis, and treatment
7 of diseases related to tobacco use, including cancer,
8 cardiovascular disease, stroke, and pulmonary disease; and for
9 expenses incurred in the administration of this section.

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

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

20 1. Two members with expertise in the field of
21 biomedical research.

22 2. One member with expertise in the field of
23 behavioral or social research.

24 3. One member from a professional medical
25 organization.

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

27 5. One member representing the general population of
28 the state.

29
30 In making his or her appointments, the Governor shall select
31 primarily, but not exclusively, Floridians with biomedical and

1 lay expertise in the general areas of cancer, cardiovascular
2 disease, stroke, and pulmonary disease. The Governor's
3 appointments shall be for a 3-year term and shall reflect the
4 diversity of the state's population. A council member
5 appointed by the Governor may not serve more than two
6 consecutive terms.

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

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

12 (d) Members of the council shall serve without
13 compensation, but may receive reimbursement as provided in s.
14 112.061 for travel and other necessary expenses incurred in
15 the performance of their official duties.

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

20 (a) Providing advice on program priorities and
21 emphases.

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

23 (c) Participating in periodic program evaluation.

24 (d) Assisting in the development of guidelines to
25 ensure fairness, neutrality, and adherence to the principles
26 of merit and quality in the conduct of the program.

27 (e) Assisting in the development of appropriate
28 linkages to nonacademic entities, such as voluntary
29 organizations, health care delivery institutions, industry,
30 government agencies, and public officials.

31

1 (f) Developing criteria and standards for the award of
2 research grants.

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

7 (h) Developing and supervising research peer review
8 panels.

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

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

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

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

- 25 1. Investigator-initiated research grants.
- 26 2. Institutional research grants.
- 27 3. Predoctoral and postdoctoral research fellowships.

28 (6) To ensure that all proposals for research funding
29 are appropriate and are evaluated fairly on the basis of
30 scientific merit, the Secretary of Health, in consultation
31 with the council, shall appoint a peer review panel of

1 independent, scientifically qualified individuals to review
2 the scientific content of each proposal and establish its
3 scientific priority score. The priority scores shall be
4 forwarded to the council and must be considered in determining
5 which proposals shall be recommended for funding.

6 (7) The council and the peer review panel shall
7 establish and follow rigorous guidelines for ethical conduct
8 and adhere to a strict policy with regard to conflict of
9 interest. A ~~No~~ member of the council or panel may not ~~shall~~
10 participate in any discussion or decision with respect to a
11 research proposal by any firm, entity, or agency with which
12 the member is associated as a member of the governing body or
13 as an employee, or with which the member has entered into a
14 contractual arrangement. Meetings of the council and the peer
15 review panels shall be subject to the provisions of chapter
16 119, s. 286.011, and s. 24, Art. I of the State Constitution.

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

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

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

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

31

1 (b) A list of recipients of program grants or
2 fellowships.

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

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

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

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

14 Section 5. There is appropriated \$25,000 each to the
15 Department of Children and Family Services and the Department
16 of Elderly Affairs from Lawton Chiles endowment funds
17 deposited into each department's Tobacco Settlement Trust Fund
18 to pay for administrative costs associated with the Lawton
19 Chiles Endowment Fund Advisory Council established in section
20 215.5601, Florida Statutes.

21 Section 6. This act shall take effect July 1, 2001.
22
23
24
25
26
27
28
29
30
31