

April 13, 2012



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The Honorable Rick Scott
Governor
State of Florida
Plaza Level 5, The Capitol
400 S. Monroe Street
Tallahassee, FL 32399

RE: Request to enact House Bill 7129 (Nationally Preeminent Universities)

Dear Governor Scott:

On behalf of the Florida Council of 100, I want to thank you for initiating and hosting Thursday's public discussion of House Bill 7129, relating to Nationally Preeminent Universities. We believe the meeting to be a first-of-its-kind in terms of post-session deliberations, and it is indicative of the openness and thoroughness you have brought to public policy consideration during your administration.

Based on Thursday's presentations, and more specifically our own extensive research and experience, the Florida Council of 100 respectfully requests, in the strongest possible terms, that you sign HB 7129 into law. We represent the job creators who depend on a nationally competitive higher education system in order to bring jobs and prosperity to Florida. We believe the business case for supporting HB 7129 is compelling:

1. States with nationally preeminent universities at the top of the U.S. News & World Report and Top American Research Universities rankings, including Texas and California, greatly outpace Florida in key economic indicators, such as state GDP per capita and earnings by place of work per capita (which includes wages and income, not transfer payments). Research shows that innovation and education drive those metrics, and Florida lags in those areas, as well (e.g., scientists and engineers as a percentage of the workforce, academic R&D per state GDP, patents per capita). These are all factors directly attributable to having nationally preeminent universities.
2. Increased funding is required to reverse this result— and the Council doesn't make such a statement lightly. As you are aware, the business leaders of the Council do not believe in simply throwing money at a problem. In our 2010 report, *Closing the Talent Gap*, we stated that, while past achievements must be recognized, an optimal funding methodology must drive continuous improvement by supporting a vision and strategy that provide Florida's students with the very best tools for developing their own and Florida's future. Vital to that strategy is the recognition that in poor economies, as well as in good, the first and last dollar spent should be based on a clear and articulated



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strategy to align our educational programs with the future of our students. As new education dollars are available, the threshold question should be, "Where does the public investment provide the greatest student return?" Any current or future education funding approach must be both targeted and performance-driven. In the case of nationally preeminent universities, data shows that (1) funding is a primary driver of the rankings; and (2) UF and FSU lag in such funding.

3. Access will be preserved under HB 7129. Representatives of UF, FSU, and the Board of Governors (many of whom you have appointed) have publicly stated that, should HB 7129 be enacted, a primary use of new revenues would be to provide sufficient financial assistance to ensure continued access. Please remember that for the foreseeable future, this legislation only affects UF and FSU, and at those universities, average tuition is \$2,500 below the national average and much further below the tuition rates of nationally preeminent institutions. When 50-60% of graduates have no debt, and average debt levels are again below those of the nationally preeminent institutions, it becomes a matter of personal responsibility in addition to access. Market forces can't optimally drive improved performance if students don't have appropriate skin in the game.
4. UF and FSU are leveraging their current resources well. Considering their funding levels and compared with nationally preeminent universities, they are productive both educationally and with regard to research. Further, notwithstanding our state's and nation's economic difficulties, UF and FSU alumni giving rates are in the top-third of nationally preeminent universities, something that is both a source of funding and an indicator of customer satisfaction. That being said, the Council of 100 firmly believes that UF and FSU must be held accountable for the outputs and outcomes expected to be generated by any new funding, and we can offer you suggestions for such metrics upon request.
5. Using the same type of economic impact modeling as Enterprise Florida, it is estimated that UF and FSU annually inject \$20 billion into Florida's economy, supporting 300,000 jobs. Based on the above analysis, it is clear that enabling these schools to rise in the ranks of nationally preeminent universities will generate even more economic growth and jobs.
6. Implementing HB 7129 and its market-based tuition approach would be trailblazing, and Florida would enjoy a first-mover's advantage by setting it in motion immediately. However, because the idea is now out of the bag, other states will likely be taking notice



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and might even poach our innovation. If tweaks are necessary, representatives of UF, FSU, and the Board of Governors have publicly committed to work with your office and the Legislature to ensure optimal implementation. We join them in that commitment.

Florida's public postsecondary system has a historic opportunity to take a quantum leap that will ultimately mean more jobs and economic prosperity for Floridians. It can be accomplished while preserving and enhancing access and accountability, principles you have rightly advocated. As business leaders, focused on building a more prosperous future for all Floridians, we urge you to sign HB 7129 into law.

Sincerely,

Steven T. Halverson
Chair, Florida Council of 100

cc: Marshall Criser, III, Vice Chair, Florida Council of 100