

# Notes and Speaking Points

## Blue Ribbon Task Force on State Higher Education Reform

June 25, 2012



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# Notes and Speaking Points

## Blue Ribbon Task Force on State Higher Education Reform June 25, 2012

### **NOTE: Task Force Mission**

The Blue Ribbon Task Force on State Higher Education Reform (hereinafter referred to as the "Task Force") is hereby created. The vision of the Task Force shall be to advance the State University System's Constitutional charge to operate, regulate, control, and be fully responsible for the management of the whole university system. The mission of the Task Force will be to review and make recommendations to the Governor and state policy makers to fulfill this vision.

The responsibilities of the Task Force shall include, but not be limited to:

1. Catalog and consolidate the recommendations of the various efforts addressing Florida's higher education system with respect to the State University System;
2. Assess strengths and weaknesses of the State University System's governance model related to its Constitutional charge;
3. Analyze the ability of state universities to contribute to the State University System's 2012-2025 strategic plan;
4. Recommend strategies, such as incentive systems and governance improvements, to encourage cooperation between institutions leading to reduced duplication and improved efficiencies;
5. Recommend amendments to statutes and Board of Governors regulations necessary to improve accountability and transparency on the part of state universities to the Board of Governors and the Board of Governors to the Legislature and Governor; and
6. Conduct a review and analysis of efforts to achieve national preeminence and academic and research excellence by Florida universities, including elements that may be considered for future legislation to advance higher education.

The Task Force shall, no later than November 15, 2012, provide a written report to the Governor, the Senate President, and the Speaker of the House detailing assessments and recommendations consistent with the responsibilities above.

## **NOTE: Task Force Members**

Here are the Task Force members:

### **Chair: Dale Brill, Ph.D.**

Governor Scott Appointee  
President  
Florida Chamber Foundation



Dr. Dale Brill serves as President of the Florida Chamber Foundation, the research and policy development arm of the Florida Chamber of Commerce. Working in partnership with state business leaders, the Foundation advances initiatives that envision a vibrant and sustainable economy in the Sunshine State.

Previously, Dale served as the Director of the Governor's Office of Tourism, Trade and Economic Development. His experience also includes tenure as chief marketing officer for VISIT FLORIDA, the state's official tourism industry marketing corporation, as well as experience in both start-up environments and as a global business leader for General Motors.

Dr. Brill holds a doctorate from the University of Tennessee. He was named as one of Fast Company magazine's inaugural "Fast 50 Innovators" and one of the "Top 25 Most Extraordinary Minds" by Hospitality Sales & Marketing Association International.

Dale is still an active baseball player. He throws right, bats right and scouting reports confirm he has trouble with down and away sliders.

### **Jeff Shuman**

President Haridopolos Appointee  
Senior VP, Chief HR and Admin Officer  
Harris Corporation



Jeffrey S. Shuman is senior vice president, chief human resources and administrative officer. He is responsible for planning and implementing Harris Corporation's human resources and administrative organizations strategy globally. He also directs the development of the company's work force, including talent acquisition, leadership development and training, employee relations, organization change and effectiveness, compensation, and benefits. These organizations serve the company through the design, development, and execution of services and solutions. In addition, he has oversight for government relations; real estate; environmental, health, and safety; social responsibilities; flight operations; public relations; and business conduct.

Previously Mr. Shuman was senior vice president of Human Resources and Corporate Relations. Before joining Harris in August 2005, he had been vice president of Human Resources and Administration for Northrop Grumman's Information Technology business, and he had been senior vice president of Human Resources for Litton Information Systems Group when it was acquired by Northrop Grumman in 2001. Previously, he was vice president of Human Resources for AlliedSignal's technical service business, and prior to that had a 14-year career in Operations and Human Resources with Avon Products.

Mr. Shuman earned a bachelor's degree in psychology from The Citadel. Following graduation, he served as a Medical Service Corps officer in the U.S. Army. He has completed executive development programs in business and human resources at the University of Michigan, Harvard Business School,

Center for Creative Leadership, University of Virginia's Darden School of Business, University of Pennsylvania's Wharton Business School, and Cornell University. He also participated in a U.S. Executive Exchange Program with the People's Republic of China.

Mr. Shuman has served as chairman of the Greater Baltimore-Washington, DC, chapter of INROADS, a national organization that develops and places talented minority youth in business and industry, and he has supported the Private Sector Council in key initiatives with the Department of Education and the Department of Homeland Security. He also has been a regular guest on "Your Career Partners," a Washington, DC-based radio talk show, and has contributed to the book, *Inside the Minds: Creating a Strategic HR Plan*.

Mr. Shuman is an active member of the Human Resources Policy Association, Human Resource 50, and serves on the Boards of Directors for the Florida Chamber of Commerce, Enterprise Florida, University of Florida Foundation, and National Association of Manufacturers (NAM). He was awarded the "HR Executive of the Year" by Human Resources Executive magazine in 2011, and he received a Stevie® during the American Business Awards in 2007 for "Best Human Resources Executive." He also serves on the Advisory Board for the University of Southern California Center for Effective Organizations in the Marshall Business School.

**Frank Fuller, Ed.D.**

President Designate Gaetz Appointee  
Senior Policy Advisor on K-20 education  
Florida Senate



Dr. Fuller, a resident of Fort Walton Beach, recently completed three years as Director of the Banner Center for Career Education at Florida State University. In that capacity, he worked with public institutions and business leaders throughout our state in establishing rigorous, relevant educational models that result in students earning national industry certifications in high-skill, high-wage career fields.

Previous to his leadership of the Banner Center, he was the creator and administrator of the CHOICE Institutes, a joint venture of public and private universities, major employers and the Okaloosa School District. CHOICE has been honored by the US Department of Labor as the national model for workforce education.

Dr. Fuller's work was the template for the Career and Professional Education Act (CAPE) through which 100,000 Florida students have earned national industry certifications granted by private industry in information technology, aerospace, construction management, culinary arts, digital design, and health sciences.

Dr. Fuller has substantial experience as a public and private university faculty member, was co-founder of one of the state's most successful charter schools, and has served as a public school principal in elementary, middle and high school settings in our state. He was Assistant Superintendent of Schools during my tenure as the elected Superintendent of Okaloosa Schools.

**The Honorable William "Bill" Proctor, Ph.D.**

Speaker Cannon Appointee  
Chair, House Education Committee  
Florida House of Representatives



District: Parts of Clay, Flagler, St. Johns  
Party Affiliation: Republican

City of Residence: St. Augustine  
Occupation: Chancellor, Flagler College  
Spouse: Pamela Evans Duke, of Gainesville  
Child(ren): Priscilla N. Proctor, Samuel M. Proctor (deceased)  
Grandchild(ren): Madeline Rose Schuh, Samuel Nottingham Schuh  
Education: UF, Fall 1951; Stetson University, 1954; FSU, B.S., 1956; M.S., 1964; Ph.D., 1968  
Born: January 27, 1933, Atlanta, GA  
Military: U.S. Army Reserve 1954-1964  
Moved to Florida: 1944  
Religious Affiliation: Presbyterian  
Recreational Interest: golf, swimming, walking

Legislative Service -- Elected to the House in 2004, reelected subsequently

Other Public Service

Florida State Board of Education 2001-2004  
First Coast Workforce Development Board 1998-2001  
Flagler Hospital Board of Trustees, past Chairman  
Florida Education Standards Commission 1995-2001  
Florida School for the Deaf and the Blind, Board of Trustees 1984-2001  
Fifth Appellate District Nominating Commission 1979-1982  
Second Judicial Circuit Nominating Commission  
St. Augustine City Commission  
St. Augustine City Planning Commission

Affiliations

Rotary Club of St. Augustine, past President, past District Governor  
St. Augustine Foundation for Historic Research, President  
St. Johns County Communities in Schools, past Chairman

Highlights

Flagler College, L.L.D. (honoris causa) 2004  
Independent Colleges and Universities of Florida, Liberty Bell Award 2003  
Nova Southeastern University, L.H.D. (honoris causa) 2003  
Florida Association of Colleges and Universities, Distinguished Service Award 2002  
Commissioner of Education's Lifetime Education Leadership Award 2001  
Military Order of the World Wars, Patrick Henry Medallion 1991  
Florida School for the Deaf and the Blind, Distinguished Service Award 1990  
Florida State University College of Education, Distinguished Educator Award 1989  
Florida State University Athletic Hall of Fame 1988

## **The Honorable Marlene O'Toole**

Speaker Designate Weatherford Appointee  
Chair, House Higher Education Appropriations Subcommittee  
Florida House of Representatives

District: Parts of Lake, Marion, Sumter  
Party Affiliation: Republican

City of Residence: Lady Lake  
Occupation: Retired IBM Executive  
Spouse: Ed O'Toole, of Cambridge, Massachusetts  
Child(ren): Kathleen, Colleen, Linda, Eddie, Jennie  
Grandchild(ren): Eddie, Casey, Scott, Christopher, Justin, Kathe, great-grandson Stone  
Born: February 18, Somerville, MA  
Moved to Florida: 1992  
Religious Affiliation: Catholic



Legislative Service -- Elected to the House in 2008, reelected subsequently

### Affiliations

Cornerstone Hospice, Board member 2008  
United Way of Lake & Sumter Counties 1999-2008  
Lake County Republican Executive Committee 2007  
Take Stock in Children Mentor  
Workforce Florida, Board of Directors

### Highlights

AIF IT Council, Legislator of the Year 2010  
Florida Chamber of Commerce, Honor Roll 2009, Distinguished Adv  
FNCAC (Florida Network of Children's Advocacy Centers), Public Se  
ICUF, "Guardian of Independent Higher Education" 2010  
Associated Builders and Contractors, Friend of Free Enterprise 2009  
Florida Homebuilder's Association, Friend of Housing 2009  
Retired IBM Executive

## **Joseph Caruncho**

Board of Governor's Chair Colson Appointee  
CEO  
Preferred Care Partners



Joseph Caruncho, of Miami, is the CEO of Preferred Care Partners. He founded the company in 1996 and has overseen its growth from inception to its current status as one of the largest privately owned Medicare plans in Florida. Their unique operating model is based upon creating collaborative relationships with physicians and other providers, with a focus on membership retention through customer outreach and education as a platform for case and disease management.

Mr. Caruncho holds a Juris Doctor degree from Nova Southeastern University and a Bachelor of Business Administration degree from Florida International University (FIU). For 13 years prior to founding

the company, Mr. Caruncho was a corporate attorney representing clients in the healthcare industry, focusing on identifying strategic opportunities for physicians within the healthcare sector and implementing these opportunities from concept to operations. Mr. Caruncho most recently served on FIU's Board of Trustees, and continues to serve on the Advisory Council for FIU's Center for Leadership. He was a member of the FIU Foundation Board of Directors, the FIU Alumni Association, served as Chairperson on the FIU College of Business Dean's Council, is a Founder of the FIU College of Medicine, and a Living Scholar Athlete Program donor.

### **John A. Delaney, J.D.**

Board of Governor's Vice Chair Hosseini Appointee  
President  
University of North Florida



John A. Delaney became UNF's fifth president in 2003. In that capacity, he oversees a campus of more than 16,000 students, 600 faculty and more than 1,000 staff. The 1,381 acre campus in Northeast Florida is considered a driver in the region, with an annual economic impact of nearly \$1 billion. Each year, 4,000 students graduate from UNF's five colleges: the Brooks College of Health, the Coggin College of Business, the College of Arts and Sciences, the College of Computing, Engineering and Construction and the College of Education and Human Services.

Under Delaney's direction, UNF reaffirmed its commitment to students, by offering individualized attention and offering transformational learning opportunities. The University of North Florida is also known for its flagship programs, areas where UNF leads the nation. Flagships include Community Nursing, International Business, Transportation & Logistics, Coastal Biology, Music and Nutrition.

UNF is currently undergoing the biggest construction spree in its history. The University recently opened the \$86 million Osprey Fountains residence hall, the \$50 million Student Union, the \$27 million College of Education and Human Services building, and the \$39 million Biological Science Building. Construction is almost complete on the new Student Wellness Complex and a new cafeteria. All new construction on campus reflects UNF's commitment to the environment and many new buildings are LEED (Leadership in Energy & Environmental Design) certified.

Delaney is considered UNF's chief fundraiser, nearly doubling the University's privately-funded endowment. The Power of Transformation campaign is currently underway, with a goal of raising \$110 million.

Delaney's presidency continues a distinguished career as a public servant. He served two terms as mayor of Jacksonville, the country's 13th largest city, spearheading major initiatives including The Better Jacksonville Plan, a \$2.2 billion improvement plan that gave the city new public facilities and other amenities. He also created the Preservation Project, a massive land conservation program giving Jacksonville the distinction of having the largest urban park system in the United States. Prior to that, he served as the chief assistant state attorney, the number two prosecutor for Northeast Florida and as the general counsel for the City of Jacksonville. He has served on numerous non-profit and corporate boards.

He and his wife Gena have four children.



## **NOTE: Commission Structure**

The BRTF is now organized around 3 central themes –

Governance -- Speaker Designate Weatherford Appointee: The Honorable Marlene O'Toole;  
Board of Governor's Chair Colson Appointee: Joseph Caruncho

- Assess strengths and weaknesses of the State University System's governance model related to its Constitutional charge
- Recommend strategies, such as incentive systems and governance improvements, to encourage cooperation between institutions leading to reduced duplication and improved efficiencies

Accountability -- President Haridopolos Appointee: Jeff Shuman; President Designate Gaetz Appointee: Frank Fuller, Ed.D.

- Analyze the ability of state universities to contribute to the State University System's 2012-2025 strategic plan
- Recommend amendments to statutes and Board of Governors regulations necessary to improve accountability and transparency on the part of state universities to the Board of Governors and the Board of Governors to the Legislature and Governor

Tuition -- Speaker Cannon Appointee: The Honorable William "Bill" Proctor; Board of Governor's Vice Chair Hosseini Appointee: John A. Delaney

- Conduct a review and analysis of efforts to achieve national preeminence and academic and research excellence by Florida universities, including elements that may be considered for future legislation to advance higher education

## **NOTE: Presentation Structure**

We have been asked to do two main things:

(1) provide a brief overview of the Council and the overarching structure and principles of the Florida Council of 100's *Closing the Talent Gap*; and (2) speak to the Higher Education recommendations (Zone 3 plus the conclusion) and progress made to-date.

## **Thank You: Steve Halverson, Chairman, Florida Council of 100**

Thank you Chair Brill and task force members for the invitation to address the task force today. We send our sincere regrets that we are unable to join you in person today, due to unforeseen weather conditions so we thought it prudent to send our remarks to you electronically, for your consideration.

### **Introduction:**

My name is Steve Halverson. I am President and CEO of the Haskell Company, one of nation's preeminent design-build firms, based in Jacksonville. Today, though, I am here in my capacity as Chairman of the Florida Council of 100. And I bring along a man who needs no introduction, former Speaker of the House, Allan Bense, who graciously serves as the chair of the Council's Higher Education Committee. We're going to do a tag-team presentation for you regarding the Council's report, *Closing the Talent Gap*.

For those of you who may not be as familiar with the Council, we're a private, nonprofit, nonpartisan organization of business and civic leaders, which exists to promote the economic growth of Florida and a high quality of life for its citizens. Formed in 1961, the Council was the first of its kind in the United States, and works closely with Florida's elected leaders, including the Governor and the Legislature; appointed officials; and organizations sharing its vision and values. Members invited to join the Council represent a cross-section of top business and civic leadership in Florida, including key non-elected government officials and prominent education leaders.

Since inception, the Florida Council of 100 has had a vital, ongoing interest in improving Florida's education system, publishing such reports as *Review of the A+ Plan to Improve Education* in 1999, *We Must Do Better!* in 2004, *Preparing for the Future* in 2006, and, in conjunction with the Florida Chamber, the groundbreaking *Closing the Talent Gap: A Business Perspective* in 2010. The Council has always fervently held that Florida needs a world-class workforce infrastructure if Floridians are to have the career tools they need to compete and prosper in the ever-changing economy of the 21st century.

Currently, Florida faces an emerging Talent Gap — an urgent shortage of a resource as basic as food, more valuable than gold, and in higher global demand than oil. This crisis in human capital represents a large and growing unmet need for a highly skilled and educated workforce

— our state’s most important resource for developing a strong, diversified economy and spurring sustainable economic development.

The Talent Gap is the result of a skills gap that is leaving employers in Florida and nationwide without adequately trained workers. Florida is falling far short of the goal line in equipping our young people to achieve economic prosperity. Of every 100 Florida students today, only 80 will graduate from high school, only 53 will attend college in Florida, and only 34 will earn a baccalaureate degree within six years.

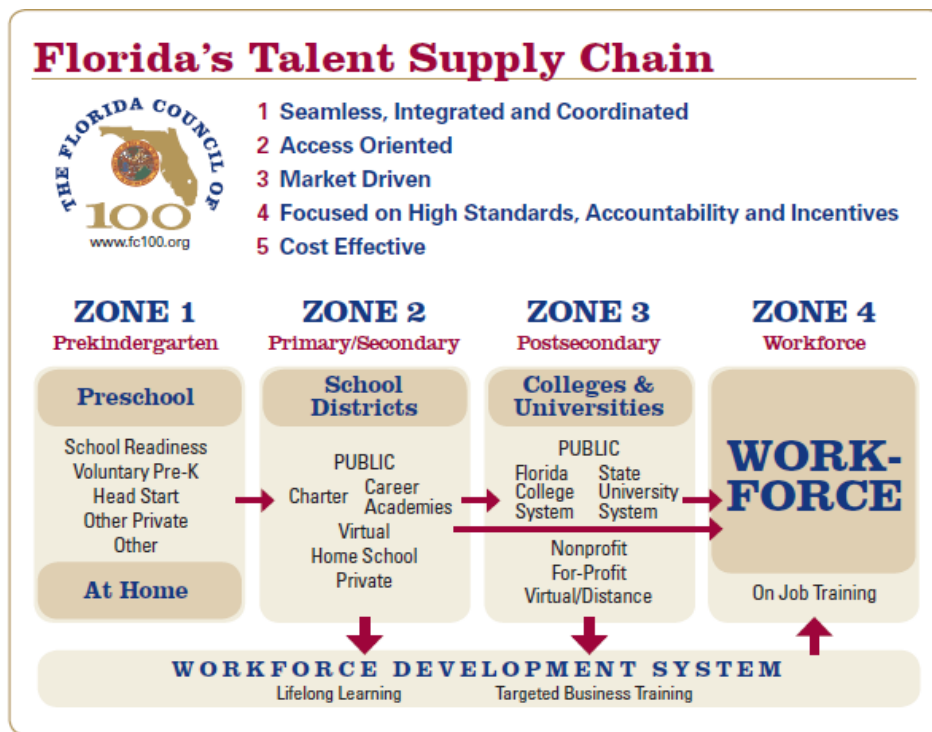
And this Talent Gap costs everyone. Every Floridian pays dearly each time a student slips through our collective educational grasp. For the individual, a lack of education leads to lower wages, a higher chance of unemployment, and a significant decrease in lifetime earnings. For businesses, every student needing remedial training costs Florida businesses a conservatively estimated, annual average of \$459 per worker, or more than \$3.5 billion per year. For society, a lack of educated workers translates to lower public revenues; additional costs of health care, public safety, and other social programs; and lower economic output.

To address the Talent Gap, the Council of 100 has declared that the following 10 principles should drive discussion of all talent-related issues and be a lens through which policies and programs are evaluated and alternatives assessed:

- **Market-determined need:** Supply and demand must drive program creation, expansion, and contraction.
- **Access:** A person’s circumstances (demographic, geographic, economic, or otherwise) must not be a barrier to full participation in the education system.
- **Highest expectations:** Performance standards must be established and maintained at the highest levels, nationally and internationally.
- **Accountability:** All participants and providers must answer for their performance.
- **Rewarding performance:** Superior results merit superior benefits.
- **Cost-effectiveness:** Resources must be allocated where they have the greatest impact. There are limited resources. We know that. There are significant needs. We know that. It is imperative that we use each dollar and resource where we can get the most impact. That is what businesses do, and what we must do to get the results we need.

- **Administrative efficiency:** Front-line funding must be maximized.
- **Leveraging resources:** Private and federal monies must be brought to bear whenever possible.
- **Partnership:** Cross-organizational synergies must be fostered, institutionalized, and capitalized.
- **Data-driven decision-making:** Objective analysis must drive policy.

Furthermore, we expanded on Workforce Florida’s concept of a Talent Supply Chain as an analytical framework for describing the state’s talent development system. You can view this framework on Page Roman Numeral IV or on Page 3 of the Closing the Talent Gap report that you’ve been provided.



Ideally, students would move through four zones: Zone 1 (Prekindergarten); Zone 2 (Primary / Secondary Education); Zone 3 (Postsecondary Education); and Zone 4 (The Workforce). Closing the Talent Gap provides more than 100 recommendations across these zones, but, today, our focus will be on Zone 3, Postsecondary Education. And to address that Zone, I'll now hand the presentation off to the Chair of the Council's Higher Education Committee, Speaker Bense.

## **Speaker Allan Bense: Chairman, Higher Education Committee, FC 100**

One of our biggest problems in higher education is that we take complicated issues and try to fix them by dumbing them down. It just doesn't work. For example, you can't talk about fixing Bright Futures and ignore what it does to tuition or student debt.

To deal with this, *Closing the Talent Gap* created a new framework for looking at higher ed issues. Basically, everything gets boiled down into one of **three tug-of-wars** –

- Funding versus Accountability;
- Tuition versus Financial Aid; and
- Institutional Independence versus Need for Systemic Governance.

Let me show you how it works and how it could apply to your work.

### **First is Funding vs. Accountability.**

And let me give it to you straight. Until the Governor and the Legislature believe that the universities are really accountable and are spending their money responsibly, it's going to be tough to get new funding.

The schools might hoot and holler, but the honest-to-God truth is that these folks think the system is inefficient and bureaucratic. It's the elephant in the room, and, until we fix it, all the begging and pleading in the world isn't going to get our universities much more, especially with K-12 education and Medicaid fighting over the same slabs of pie.

Along these lines, in *Closing the Talent Gap*, the Council recommended a New Florida Initiative that would have created thousands of more graduates and R&D for about \$2 billion in new state funding.

We also called for the state to pay-up on the half-billion dollars of challenge grant money that goes on unmatched and is still owed.

Though the U.S. Chamber just named Florida as the only state in the nation to receive an A for our 4 year AND an A for our 2 year education institutions, in their Leaders and Laggards report\* issued last Tuesday, the Bottom-line regarding university funding is – tuition differential increases and continued reductions in base and (now) reserve funding for these economic engines of our state will not produce the volume or the quality of talent needed to diversify and strengthen our state's economy.

We know

- Our colleges and universities do a good job of graduating students in 3 years and 6 years, respectively.
- Our tuition levels and overall student costs are among the lowest in the nation, which can be both a blessing and a curse.
- Newly-adopted legislation, House Bill 7135 will create an Economic Security Report will put employment- and earnings-related student outcome data in front of parents and students.
- Our 2+2 system of articulation, which enables students to pursue a bachelor's degree by first attending a community college and then transferring to a 4-year institution, has been tremendously successful in terms of providing postsecondary access.
- We have unique data systems that can provide detailed student and employment and earnings outcome information, which, if used correctly, can help drive future decisions regarding programmatic offerings.

We're doing better on accountability and with Dr Proctor's leadership this session, a specific path has been laid out to achieve excellence in our system.

In addition, the Council of 100 drafted a postsecondary performance measure proposal that utilizes the state's sizeable data systems to track outcome and efficiency metrics. These include:

1. Outcome Measures

- Performance on Standardized End-Of-College Learning Outcome Exams
- Return on the State's Investment based on degree completions (by field), job placement, and wages
- Customer Satisfaction (alumni, employers)
- Rankings of Florida Research Universities Among U.S. Public Universities, which includes total research, federal research, endowment assets, annual giving, national academy members, faculty awards, doctorates granted, and postdoctoral appointees
- Technology Transfer, including Patents Generated, Licensing Income, Spin-Offs, and Commercialization

## 2. Efficiency Measures

- Certificate and Degree Completions per 100 Students Enrolled.
- Percentage of students on-track to graduate in 4 years/6 years
- Percentage of students leaving the postsecondary system (i.e., retention)
- Indirect expenditures as a percentage of total expenditures

Here's what you've got to remember, though.

We've still got a large skills gap between what business needs from its employees and what our graduates can actually do. That U.S. Chamber report found that more than a third of college students didn't really learn much while in school. That's why the Council of 100 thinks it's time for students to start taking objective, standardized, end-of-college learning tests for what business needs -- critical thinking and communication skills.

The second tug-of-war is **Tuition vs. Financial Aid**.

You just can't talk about things like tuition, need-based aid, Prepaid, and Bright Futures by themselves. For example, cutting Bright Futures big-time without doing something with need-based aid just isn't going to fly politically.

Over the last few years, Florida has done some good things to slow-down the runaway Bright Futures train, like making it more competitive to get the initial award.

But, even with the tuition differential, going to a Florida school is crazy affordable. Think about this –

- We're 1st in the nation for cost of completion -- \$46,000 vs. the national average of \$70,000.
- Our tuition rate is 45th in the nation, about \$2,500 lower than the national average.
- In Fall 2009, almost 20% of undergrads didn't ask for any financial aid; a little more than 20% paid less than \$750 in tuition and fees; and nearly 30% got money back from the state.
- 60% of UF graduates and 52% of FSU graduates have NO debt at all after graduation.

Look, we've got to figure this tuition thing out. But the way we're getting at it might be backwards. Maybe you should consider thinking about the maximum debt we could tolerate as reasonable for our grads to have, and then set tuition levels based on that.

Those debt levels could vary by school and degree program, but, right now, our approach is just getting folks all riled-up with no solution for a rapidly growing state.

The last tug-of-war is **Institutional Independence vs. Need for Systemic Governance**

It's just not going to work if we say "Let the schools do whatever they want." But micro-managing every school isn't going to get you anywhere either.

In this area, *Closing the Talent Gap*, notes there's still a ton to be done. For example:

- Even though we've got the Higher Education Coordinating Council, (HECC), we still don't have a Supply and Demand workforce model like Chancellor Brogan talked about at the last meeting - though I hear we might be getting the information through the new BOG Commission on Florida Higher Education Access and Degree Attainment. The Council looks forward to this vital piece of data that will look at labor demand and labor supply and the matches and the gaps.
- *Closing the Talent Gap* also said that the state should study the higher ed system to see if there's duplication or mission creep, or if better organization could give us economies of scale or comparative advantages to increase degree production or R&D. Not much has happened, though, and one thing's for certain – we can't keep having each school try to be all things to all people. We've got to get some mission specialization.
- *Closing the Talent Gap* called for the creation and implementation of a statewide talent strategic plan, but we still don't have a detailed, numbers-based strategic plan or even the key parts of such a plan, like the Supply-Demand model or mission differentiation.
- Proposed new programs, new facilities, and new campuses must make their business case and prove the numbers, with facts, before approval of system expansions as we are simultaneously cutting existing universities and have an unfunded obligation related to matching private sector dollars.



In summary, while Florida has made some progress since *Closing the Talent Gap*, we've still got a long way to go. As you discuss and debate, I'm sure you'll revisit some of the same turf. Remember that these are complex issues, so dive into the details – don't oversimplify those tug-of-wars.

## **Closing Chairman Steve Halverson**

Until last Thursday, we were going to leave it at that – just remind you that these are complex issues and that you shouldn't oversimplify those three continuums. However, last Thursday, the State University System of Florida reached a low point. The debacle that was the tuition differential debate was unworthy of the soon-to-be third-largest state in the nation. Let me share with you a press excerpt about the process:

Midway through, board member Ava Parker pointed out, "There seems to be no method to our madness."

If nothing else, it made for interesting theater; however, the state Board of Governors came to the final increases after working with the universities for two days prior on graduation rates, time to degree completion and many more metrics and areas of quality before the final meeting that may have appeared arbitrary on the surface.

Let me be as direct as I can possibly be. It has to end NOW. All of it – all of the dysfunction that has reached a fevered pitch among the Board of Governors, the universities, the Legislature, and the Governor's Office must end.

Because, if it doesn't and we can't put our house in order, business will not choose to come to Florida, start in Florida, or grow in Florida. Right or wrong, Florida will continue to be perceived as having a massive Talent Gap and, thus, a dearth of highly educated workers – the lifeblood of free enterprise.

To get us back on track, we need to have a truly independent, bipartisan, well-respected commission that can break the plethora of policy logjams that are keeping us from our primary responsibility of educating students. Give this commission money, dedicated staff, and 12 months to tackle the BIG questions, such as:

- What do we want Florida's economy, or the economies of its major regions, to look like in 20 years? At what level should it be performing?
- What kind of workforce will it take to grow and support that economy?

- Who will educate that workforce? I know this Task Force is limited to addressing issues of the State University System, but maybe that should have been expanded. It's going to require the efforts and resources of all of Florida's postsecondary systems to meet workforce demand – that means bringing entities such as private, for-profit colleges and universities; private, non-profit colleges and universities; and the Florida College System to the table. And that certainly means figuring-out how virtual education and disruptive technologies fit into the equation.
- How will we ensure that those postsecondary systems and institutions are generating the number of **high-quality** graduates that the workforce demands? How do we use our extensive data systems to track outcomes, such as learning, job placement, earnings, and customer satisfaction?
- How do we pay for this vision? What is the appropriate amount each student should pay for his or her education, and to what extent does the state need to contribute more? And before we even consider that, can we find ways to help institutions operate more efficiently? I know, for example, that the Government Efficiency Task Force has recommended the creation of a "University Review Program" to identify ways each university can achieve savings; improve management; and increase efficiency and effectiveness.

In short, as it states in *Closing the Talent Gap*, vital to this approach 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 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?"

- And lastly, what will be the grease that makes this all work – mandate or incentive, or some combination of the two? Will we finally put our foot down and lay-out systemic and institutional missions that take full advantage of economies of scale and comparative advantages? Will we reward efficiency, such as dollars per degree, with enhanced revenue? Will we develop a system, or systems, for performance-based funding that truly move the needle for performance outcomes – not just outputs -- without creating unintended, counterproductive consequences?

All of these questions have to be answered BEFORE Florida can move forward and join the ranks of states with extraordinary higher education systems. And those answers must be compiled into a detailed, quantitative plan that will serve as a beacon for years to come.

And if this doesn't happen? If there's no commission or some other mechanism for answering the big questions and putting together a real plan? If a year from now, we're still in the same mess that we're in today?

Well, then, it will be time to discard the existing constitutional framework for university governance and create one that works. All Floridians, especially the business community, need and deserve a higher education system that is productive and respected, nationally and internationally. Our future and quality of life as residents of this state hang in the balance, and the time has come for bold and transformational change.

Thank you for opportunity for the Florida Council of 100 to share our thoughts to the Governor's Blue Ribbon Task Force on Higher Education.

# Other Notes

## **What do we do with Prepaid? Just like Bright Futures, it's costing universities money.**

Prepaid and Bright Futures are completely different. Prepaid is a contractual obligation that parents have paid for. It's akin to a call option, for which the buyer of a call option purchases it in the hope that the price of the underlying instrument will rise in the future. The seller of the option either expects that it will not, or is willing to give up some of the upside (profit) from a price rise in return for the premium (paid immediately) and retaining the opportunity to make a gain up to the strike price. In the case of Prepaid, the price of tuition rose (and will continue to rise) greatly, and those with Prepaid contracts will make-out like bandits -- but that's the contractual deal that was struck. In short, Prepaid is not financial aid where the state is giving money to the student. Rather, it is just as its name reflects – prepaid tuition for which the state is going to have to honor. (And don't forget the financial agreement struck between BOG and Prepaid and ratified by the Legislature in 2009, which will mitigate the fiscal impact to the state of dealing with Prepaid contracts entered into before the tuition differential took effect.)

On the other hand, Bright Futures is a financial aid program where the state is giving money to the student. It's not a contractual obligation (or at least hasn't been challenged as one, yet), and the state has the authority to make changes to that program. If the state were to deny Prepaid students access to Bright Futures (based on the premise that Prepaid students don't need additional money for college), it would be penalizing families for investing in their children's future (a positive choice) since the financial benefits of such a decision would accrue to those families who, for whatever reason, chose to use their money on other things besides educational investment (like cars for their kids – the "Lexus" argument in reverse). In other words, the Prepaid students would have had to pay for their education while the Bright Futures students would have had the state pay for theirs (or at least a good part of theirs). Talk about moral hazard (and the equal protection questions might be interesting).

## **What should be done with the Higher Education Coordinating Council?**

The HECC needs teeth, resources, and private leadership, similar to the Texas Higher Education Coordinating Board. The HECC could be modified into a commission, possibly housed administratively within the Governor's Office, so that it could exercise true decision-making powers, especially with regard to sensitive inter-sector governance issues. Rather than being a board with a majority of public-sector officials, it should be a business-driven commission with public officials serving as ex officio members. And, rather than drawing staff from the BOG and DOE on an ad hoc basis, it needs dedicated staff with a true budget.

## What do you think about Performance-Based Funding?

In general, the concept is good, but there are a few key pitfalls to avoid:

- The amount of performance-based funding needs to be enough to materially move the performance needle.
- The performance-based funding shouldn't create a perverse behavioral incentive in other areas. For example, an incentive that rewards performance only above a certain level might be a disincentive to provide the same service cost-effectively just below the award threshold.
- In Florida's recent past, the theory has been to measure an agency's performance and then provide financial incentives for good performance and levy financial penalties for poor performance. In practice, this hasn't worked for a variety of reasons, first and foremost because of the "reward paradox." For example, is it wise to penalize an agency funds or budget flexibility if doing so would make it harder for the agency to meet the very goal it just failed to meet? As noted in a 2007 *Governing* article, "It's like drawing up a contract with your own children. If they fail to meet the goals, you're not going to end the relationship." Further, according to OPPAGA, the use of performance information to grant incentives and disincentives has made some entities reluctant to report higher-level outcome measures over which they only have partial control (e.g., crime rates) but which are vital information for policy makers.

## How do the Council's proposed outcome and efficiency performance measures differ from those in the BOG's new Work Plan Template?

BOG: When the BOG measures "Operational Efficiency," it measures graduation rates, retention rates, and Percent of Bachelor's Degrees Without Excess Hours.

FC100: In addition to such information, as interim measures that could provide more timely information, the state could also track various "efficiency" data which lie somewhere in between outputs and outcomes. Such measures could include:

- Certificate and Degree Completions per 100 Students Enrolled. More specifically -- Ratio of undergraduate degrees awarded per 100 full-time-equivalent undergraduate students. This measure was recommended by the NGA.
- Percentage of students on-track to graduate in 4 years/6 years (real time tracking)
- Percentage of students leaving the postsecondary system (i.e., retention)

Additionally, we recommend tracking measures such as indirect expenditures as a percentage of total expenditures. NOTE -- The BOG has a tremendous Expenditure Analysis tool at [http://flbog.org/resources/iud/expenditure\\_search.php](http://flbog.org/resources/iud/expenditure_search.php). This type of data could be used to provide operational efficiency information for measurement in this document.

BOG: When the BOG measures "ROI," it measures number of degrees awarded, number of STEM degrees awarded, Percent of Baccalaureate Graduates Employed in Florida, Percent of Baccalaureate Graduates Continuing Their Education in Florida, annual gifts received, and endowment size.

FC100: We consider many of the metrics to be outputs rather than outcomes. Additionally, we recommend metrics that are vital for ensuring the QUALITY and APPROPRIATENESS of the degrees being generated.

- Performance on Standardized End-Of-College Learning Outcome Exams
  - Academic Learning Compacts (ALCs) are not a panacea for ensuring quality graduates. The BOG tends to use ALCs as its fall-back accountability mechanism.
    - A November 2011 BOG letter to the Governor notes that, "In 2005, as a way of addressing student learning outcomes, the System began to implement for each and every baccalaureate major what is called an Academic Learning Compact. Each one is expressly designed to ensure that students, parents, and employers are provided with a clearly identified description of the skill sets and the discipline-based knowledge a student will be exposed to in the course of that major, as well as ensuring that written and communicative skills and critical thinking skills are a part of the program curriculum." That might be what the ALCs are "designed" to do, but a student's fulfillment of a compact is still dependent on faculty's subjective assessment of their skills. This doesn't help with potential grade inflation (see discussion below). The SUS needs a standardized exit exam which objectively measures a graduate's learning gains in the areas of written and communicative skills and critical thinking skills.
    - The November 2011 BOG letter states, "As to how our universities are working to ensure that their graduates are meeting the needs of employers: Input from employers is critical to the development of each Academic Learning Compact." However, there's no indication regarding the degree to which employers have input or even if the correct employers are involved. Most importantly, input on the front end is certainly not the same as employer evaluation of student hires on the back end.
    - Frankly, the proof is in the pudding. ALCs have been touted by the SUS for 7 years, but key performance and accountability questions remain. Employers are



still complaining about skill gaps, and even the Council's own hiring process uncovered many, if not most, Florida university graduates who had entry-level skills (especially written communication and critical thinking skills) that were of unacceptable quality.

- Return on the State's Investment based on FETPIP data and more timely NGA-recommended metrics, such as:
  - Return on the State's Investment based on Ratio of degrees awarded per \$100,000 of state and local appropriations and tuition and fee revenue, weighted according to median earnings of graduates by degree level and field.
  - Return on the State's Investment based on Ratio of degrees awarded per \$100,000 of education and related spending, weighted according to median earnings of graduates by degree level and field.
- Workforce Contribution (percent of graduates entering into/retained in Florida workforce, by targeted sector or occupation)
- Customer Satisfaction (alumni, employers)

## What skills are business looking for from graduates?

While there are many studies and policy recommendations based on workforce readiness, many were done by academics. FC100 has instead analyzed several direct surveys of business-related organizations to find out what skills the business community is looking for from graduates.<sup>1</sup> FC100 found that the top five sought-after skills are:

- Communication skills (verbal and written)
- Teamwork skills
- Research, Analytical, Critical Thinking, Problem Solving
- Work Ethic and Initiative
- Computer skills

Additionally, despite the aforementioned need to generate more postsecondary graduates, doing so doesn't get the economy anywhere if the degrees aren't of high quality and in areas needed by the current or future workforce --

### Right Types of Degrees

In general, employers are looking for two kinds of graduates: those with Science, Technology, Engineering, and Math (STEM) degrees having superior technical skills and liberal arts grads with superior analytical, critical thinking, and communications skills who can quickly learn and apply industry/company-specific skills. [Based on input from Florida Council of 100 members. Note: A very narrow third category also exists: STEM grads with both superior technical skills and good communications skills (for both leadership and interpretive purposes).]

Of course, these categories are not necessarily equivalent. Due to the relative paucity of workers with high-level quantitative skills, STEM degrees are generally worth more to Florida's economy (especially the future economy) than the greatly overrepresented non-STEM degrees.

And Florida has a large STEM Talent Gap --

A couple of years ago, a researcher with the American Institutes for Research developed concordance tables that enabled the comparison of U.S. state math and science performance with that of other nations. Florida is 46 percentage points behind the leading country in math – Singapore. Florida is 34 percentage points behind the leading country in science – Singapore.

Additionally, the nation as a whole is not producing enough graduates in the STEM fields to keep pace with other countries, and the same is true in Florida. Florida has only 64% of its expected share of the nation's scientists and 74% of its engineers. Why? In part, it is because, in 2010, Florida ranked 45th in the nation in the percentage of baccalaureate degrees awarded in STEM fields by public universities (17%) and 25th in the nation in the percentage of graduate degrees awarded in STEM fields (20%). Compounding the problem, only about half of those earning degrees in STEM disciplines choose to stay in the state more than eight years. Thus, within five years, Florida will need at least 100,000 more science and technology professionals than we are on track to produce.

But even producing the "right" types of credentials won't get Florida to the finish line. The credentials must be high-quality – i.e., graduates must have the knowledge and skills to perform well in the workforce. Right now, however, there are few guarantees of such quality. The Council of 100 has

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<sup>1</sup> National Association of Colleges and Employers; Ready to Work Consortium, including the Conference Board, Corporate Voices for Working Families, the Partnership for 21st Century Skills, and the Society for Human Resource Management; American Management Association; U.S. Chamber of Commerce; ACT.

drafted a postsecondary performance measure proposal that utilizes the state's sizeable data systems to track outcome and efficiency metrics. These include:

3. Outcome Measures

- Performance on Standardized End-Of-College Learning Outcome Exams
- Return on the State's Investment based on degree completions (by field), job placement, and wages
- Customer Satisfaction (alumni, employers)
- Rankings of Florida Research Universities Among U.S. Public Universities, which includes total research, federal research, endowment assets, annual giving, national academy members, faculty awards, doctorates granted, and postdoctoral appointees
- Technology Transfer, including Patents Generated, Licensing Income, Spin-Offs, and Commercialization

4. Efficiency Measures

- Certificate and Degree Completions per 100 Students Enrolled.
- Percentage of students on-track to graduate in 4 years/6 years
- Percentage of students leaving the postsecondary system (i.e., retention)
- Indirect expenditures as a percentage of total expenditures

## Why are businesses having trouble finding skilled employees?

### There is a gap between what employers need and what higher education is providing.

Research indicates that there is a gap between what employers need and what higher education is currently providing. For example, the National Governors Association's recent Complete to Compete initiative states, "There is growing evidence of a mismatch between the skill requirements of new jobs and the skills of individuals seeking them," while, as quoted in *Across The Great Divide: Perspectives of CEOs and College Presidents on America's Higher Education and Skills Gap* ( a recent wide-ranging survey of business and education leaders sponsored, in part, by the U.S. Chamber Of Commerce), the Chairman, President and CEO of Black & Veatch, Len Rodman, notes, "There are some tremendously brilliant, bright, well-educated students that come out of our system. They just don't happen to be in the majority or of adequate quantity to provide a long-term competitive advantage for the U.S. in the global marketplace." Furthermore, *Across the Great Divide* found that:

More than half of business leaders (53%) say their companies face a very or fairly major challenge in recruiting non-managerial employees with the skills, training, and education their company needs. Another 31% describe it as somewhat of a challenge, and just 16% say it is a minor problem or not really a problem. In sum, regardless of company size or the position of the leader within that company, majorities indicate that recruitment of non-managerial employees is difficult. And it is even harder finding enough workers with a postsecondary degree or credential who have the knowledge and skills their company needs: business leaders are one and a half times as likely to say it is difficult (60%) than to say it is easy (40%). In particular, those at smaller companies, who are responsible for the most new jobs created, feel this most acutely: 67% difficult, 33% easy, while a majority (51%) of those at companies with more than 5,000 employees still find it difficult. No group of employers believes, on average, that finding qualified employees is easy.

This at least partly explains what the Council's *Closing the Talent Gap* showed – that every student needing remedial training costs Florida businesses a conservatively estimated, annual average of \$459 per worker, or more than \$3.5 billion per year.

A reason for this gap? *Across the Great Divide* points out that:

Business and education leaders see different priorities for postsecondary education based on their own missions: Underlying employers' focus on four-year degrees and career credentials is the priority they place on postsecondary education providing both career knowledge and skills and academic knowledge. When asked to select the two most important goals for postsecondary education, business leaders place the greatest premium on preparing individuals for success in the workplace (56%), then providing individuals with core academic knowledge and skills (51%), and providing individuals with the workforce knowledge and skills for success in a specific career (50%). Highlighting the disconnect between classroom learning and the workplace, education leaders place greater emphasis on academic knowledge than career skills. When asked to select the two most important goals for post-secondary education, education leaders place the greatest premium on providing individuals with core academic knowledge and skills (64%), preparing individuals to be lifelong learners (47%), and, more generally, preparing individuals for success in the workplace (44%). Just 28% of education leaders said providing individuals with the workforce knowledge and skills for success in a specific career was their single or second most important priority.

Another key reason why students aren't acquiring the high quality skills they'll need in the workforce is reduced study time fed by grade inflation.

Economists Phillip Babcock and Mindy Marks have carefully documented that college students' average study time has fallen dramatically over the past five decades. Their results became more widely known when summarized in a book, *Academically Adrift*, by Richard Arum and Josipa Roksa, that is causing a stir among those concerned about the quality of higher education. [NOTE: This book is also cited in L&L, as noted above.]

Year	Student Time		Study Over 20 Hours
	Study Out of Class	In Class plus Study	
1961	25	40	67%
1981	20	33	44%
2003	13	27	20%

We think it unlikely, from scattered bits of evidence, that study time has risen meaningfully since 2003—it may have continued to decline.

A recent bestseller titled *Talent Is Overrated* by Geoff Colvin directs attention to research showing that most exceptional achievers reached peak performance through dedicated practice, often a minimum of 10,000 hours. Moreover, their practice was hardly relaxing. They drove themselves to meet dozens of specific goals, to build on strengths, and especially to repair weaknesses. With that in mind, analyses of how college students' study habits have evolved over the past fifty years are disturbing. Given the importance of practice, one has to think that significantly increasing study time would result in entry-level managers who are noticeably better prepared with analytical skills, communication skills, and other knowledge useful for their first jobs, for example.

We are unaware of completely definitive research on the causes of the decrease in students' input to the educational production function. However, grade inflation is a strong candidate as one of the major causes. We would expect to see grades falling in the face of such dramatic declines in student effort, holding standards constant. Yet, as has been documented by Stuart Rojstaczer and Christopher Healy, the opposite is true. For their large sample of U.S. colleges and universities in 2008, A's accounted for 43% of all grades, and B's for another 34%. By comparison, in the 1980s, A's accounted for just over 30% on average and B's for just under 40%. In the early 1960's, A's were under 20% and B's were under 35%. Considering the reduction in study time, the ratio of grade points to the/amount learned ratio has inflated all the more. While grades have been higher at private than public schools, and higher at more selective schools, grades have increased for all categories of schools, with, on average, little to no associated increase in entrance exam scores.

To go along with this documentation of grade inflation, there is also evidence that grading standards matter to student achievement and effort. Babcock reports that "... classes in which students expect higher grades are found to be classes in which students study significantly less. Results indicate that average study time would be about 50% lower in a class in which the average expected grade was an A than in the same course taught by the same instructor in which students expected a C." Contrary to received wisdom, David Figlio and Maurice Lucas found over a decade ago that tough grading helps elementary students, boosting their achievement.

In turn, it is reasonable to ask what has caused grade inflation. Again, we are unaware of completely definitive evidence. But one strong candidate is the shift toward viewing students as customers and the accompanying focus on student evaluations of teaching in evaluating faculty. On its face, this seems quite

reasonable. Other things the same, students, being human, have a tendency to praise teachers who require little effort and give high grades. They tend to be critical of teachers who make them feel uncomfortable by challenging them to deal with fuzzy concepts or increase their analytical ability. That's not cynical on the part of students. When they are given high grades in easy classes, their perception is that they are learning more. While perhaps not definitive, Stuart Rojstaczer and Christopher Healy discuss a considerable number of studies that support this view.

Grade inflation has not been equal across disciplines. As shown in Figure 18, Rojstaczer and Healy document that grade inflation has been most rapid in the Humanities and least rapid in the Natural Sciences, with Social Sciences and Engineering in the middle. With such unequal grading standards, students surely study much harder the Natural Sciences than in Humanities, for example. Similarly, surely some students shy away from majoring in sciences because grading is differentially harder.

As we demonstrated in Figure 4, STEM occupations are relatively high paying. Similarly, a recent study Anthony P. Carnevale, Nicole Smith, and Michelle Melton of the Georgetown University Center on Education and the Workforce documents that workers with STEM degrees tend to earn more than workers with degrees in other fields even if they do not end up in a STEM career. This is largely explained because those with STEM training possess cognitive skills and abilities that are highly useful in many forms of employment—for example critical thinking skills, reasoning abilities, problem sensitivity, and numeracy. Since such skills and abilities are developed and honed through practice, it is likely that higher levels of study time contribute to their development. In essence, it seems likely that the differential academic rigor in STEM disciplines is likely both for a significant portion of the skills and abilities that make those graduates important for the workforce and for limiting the number of individuals who choose to undertake such training.

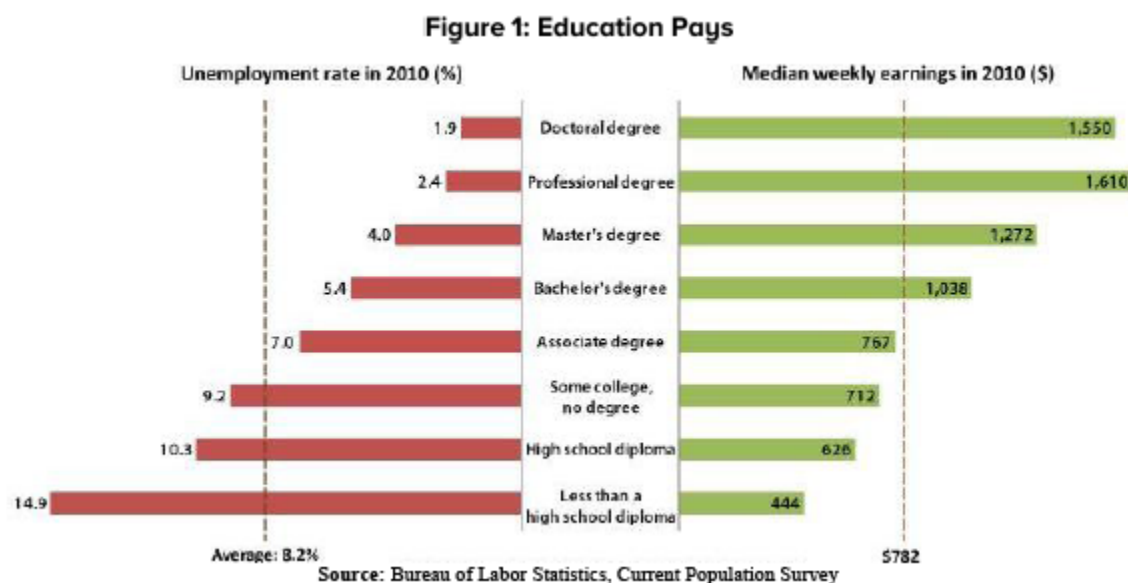
In summary and as suggested in L&L, to combat the market forces driving grade inflation and reduced programmatic rigor, colleges and universities need to implement objective, standardized end-of-college learning outcome exams. Such tests already exist (e.g., Collegiate Learning Assessment, Council for Aid to Education; Collegiate Assessment of Academic Proficiency, ACT Inc.; ETS Proficiency Profile, Educational Testing Service) and measure improvement, over the college years, in students' abilities to think, reason, and write – important skills for all students, especially liberal arts majors. While passage of such tests could be a graduation requirement, test data could also be used as an institutional accountability tool and/or an outcome-reporting tool to prospective students.

## Is it still true that getting more education provides a person with an economic advantage?

Yes – From Heath Prince and Vickie Choitz, *The Credential Differential*, April 2012.

With the shift in the global economy toward a demand for higher-order skills, the labor market maxim that —credentials count is more relevant than ever, prompting economist Anthony Carnevale to refer to access to postsecondary education and training as the —arbiter of opportunity in America.

Many studies have found a positive relationship between educational attainment and increased income, as well as between educational attainment and labor market mobility. Recent data from the Current Population Survey confirm that incomes and labor force participation rates rise with educational attainment. As figure 1 demonstrates, unemployment rates drop dramatically as educational attainment increases, from a high of 14.9 percent for those without a high school diploma to less than 2 percent for those with a doctorate. Similarly, median weekly earnings increase sharply with educational attainment, from a low of \$444 for those without a high school diploma to a high of \$1,610 for those with professional degrees (see Figure 1).



Evidence is also mounting that economic performance, whether at the national, state, or local level, improves as the percentage of a population with higher education increases. A recent study found that economic growth in metropolitan areas where less than 10 percent of adults hold college degrees averaged 13 percent between 1980 and 2000; it was around 45 percent in areas where at least 25 percent of adults hold such degrees. In fact, workers with postsecondary credentials earn more across nearly all occupations than do those with a high school diploma or less. This suggests that increasing the percentage of the population with postsecondary credentials would yield significant gains for the national economy. Moreover, countries with the highest percentages of the population enrolled in primary, secondary, and tertiary education are also those with the lowest income inequality.

In addition to these returns on postsecondary education, a 2007 College Board study found that higher levels of education are positively correlated with civic participation, including volunteer work and voting, as well as with better health. In a 2002 meta-analysis, economists Barbara Wolfe and Robert Haveman found that the social returns, including private and public returns, on investments in postsecondary education could be as high as 18 percent, a magnitude that few other public or private investments match. This leads Wolfe and Haveman to suggest that —a reallocation of resources from other uses to the education sector may be in order.

## **Educational attainment in the nation is below where it should be. What can the business community do to narrow the gap?**

1. From Heath Prince and Vickie Choitz, *The Credential Differential*, April 2012.

As other countries have increased their postsecondary attainment rates, the United States has fallen to 15th place among 34 Organisation for Economic Cooperation and Development (OECD) member countries in the percentage of 25 to 34-year olds with an Associate's level college degree or higher. Now, more than half of young adults in leading OECD countries – Canada, South Korea, and Japan - have college degrees compared to 41 percent in the United States, and these leading countries are on track to increase their college degree attainments rates to 60 percent by 2020. The United States must match this rate to maintain its global competitiveness and have a chance at leading the developed world in percent of skilled, educated workers.

Expert analysis finds that the United States will need to produce about 24 million additional credentials by 2025 to keep pace with leading OECD countries and achieve a 60 percent degree attainment rate among adults ages 25 to 64. (Another major national educational organization, Lumina, also calls for a 60% attainment rate.) At current attainment rates, the U.S. is on track to produce 278,500 additional credentials by 2025—a significant shortfall.

According to *Credential Differential*, to meet the 60% goal, Florida will need to produce an additional 2,021,157 credentials by 2025 (an average annual increase of 5.4% -- Florida's current attainment rate is 36.5%, 17<sup>th</sup> worst in the nation). This includes about 670,000 bachelor's degrees, 899,000 associate degrees and 440,000 certificates by 2025.

- Under current postsecondary investment patterns, annual personal per capita income in Florida is projected to increase by about \$150 in 2025. By meeting the 60% credential attainment goal, annual per capita income would increase significantly more, by approximately \$1,300 in 2025.
  - Status quo produces small returns -- Under current postsecondary investment patterns, Florida's state revenues will increase by about \$375 million in 2025. Meeting 60% credential goal pays off -  
- By meeting the 60% credential goal, Florida will generate more annual revenue, topping approximately \$3.5 billion in 2025.
  - Status Quo: Costs exceed revenues -- Under current postsecondary investment patterns, Florida's postsecondary costs exceed state revenues by about \$135 million by 2025. By meeting the 60% credential attainment goal, Florida's revenues exceed postsecondary costs by approximately \$940 million by 2025.
2. The business community must communicate what skills (and what quality of skills) the state's graduates must bring to the workforce and strongly advocate for its position to state policy makers until its needs are met. (See below for a discussion of which skills are important.) Such arguments are much more persuasive when supported by data.



**STEM is important, but isn't postsecondary education about a student following his or her passion and not being straight-jacketed into a career that doesn't suit him or her?**

1. As noted above, in general, employers are looking for two kinds of graduates: those with STEM degrees having superior technical skills **AND** liberal arts grads with superior analytical, critical thinking, and communications skills who can quickly learn and apply industry/company-specific skills. [Based on input from Florida Council of 100 members. Note: A very narrow third category also exists: STEM grads with both superior technical skills and good communications skills (for both leadership and interpretive purposes).]
2. That being said, we know from recent Georgetown research that not all majors are created equal.
  - Choice of major determines unemployment. Risk of unemployment for recent graduates varies considerably depending on their major. The highest rate, the study found, is among Architecture graduates (13.9 percent) due to the collapse of the construction and home-building industries in the recession. Unemployment is generally higher for non-technical majors, such as the Arts (11.1 percent) or Social Sciences (8.9 percent).
  - What employed college graduates make also depends on what they take. Median earnings among recent college graduates vary from \$55,000 among Engineering majors to \$30,000 in the Arts, as well as Psychology and Social Work.
3. Thus, Florida firmly believes that, while a student should have the ability to study his or her passion, he or she should be informed of post-graduation employment prospects for each degree program. As a result, Florida just passed groundbreaking legislation that, beginning December 31, 2013, requires the annual preparation of an Economic Security Report of employment and earning outcomes for degrees and certificates earned at a public postsecondary educational institution. Beginning in the 2014-15 academic year, every state university, community college, high school and middle school must provide each enrolled student electronic access to the Economic Security Report. Each university must also provide each student, prior to registration, information regarding the top 25 percent of degrees reported by the university in terms of highest full-time job placement and highest average annualized earnings in the year after earning the degree, and the bottom 10 percent of degrees reported by the university in terms of lowest full-time job placement and lowest average annualized earnings in the year after earning the degree.
4. Florida has begun evaluating the use of market-based tuition and targeted Bright Futures scholarships for incentivizing students to go into STEM degree programs.

## How do you integrate non-degree-holders into the economy?

Typically, normal market forces will resolve this situation. What we really need to do is recast this question – how can we boost the education levels of our citizens, especially those who have some postsecondary education? In Florida, 2 million Floridians have ‘stopped out’ of college (23% of workforce).

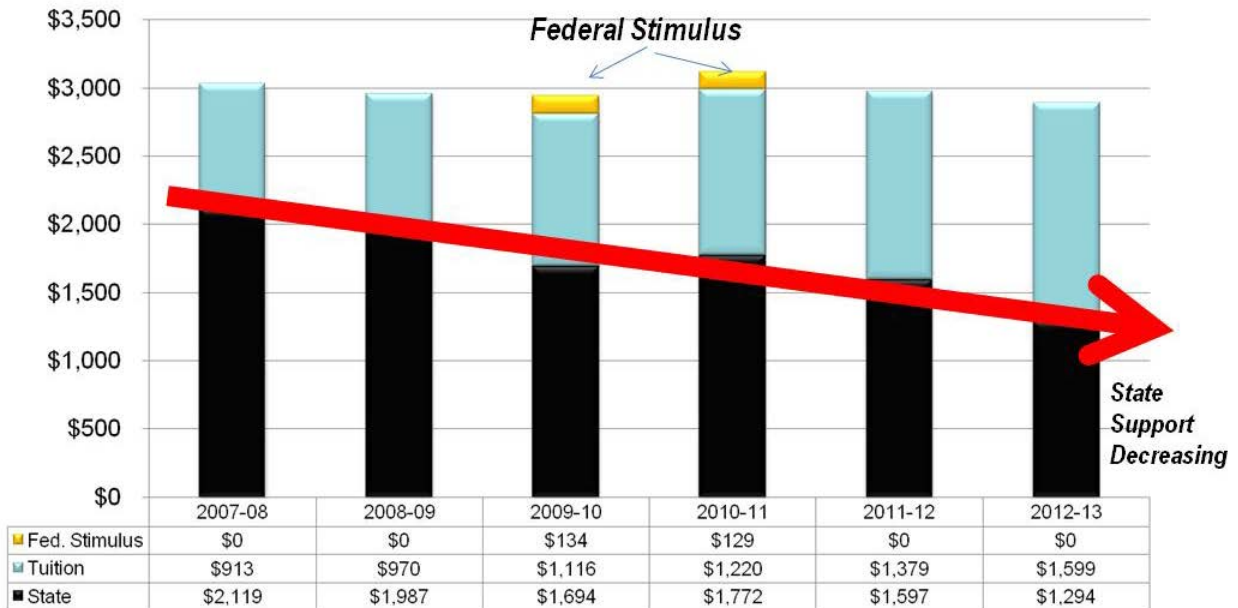
In Florida and with higher education dollars at a premium and in terms of the sheer quantity of additional credentials needed to drive our economy, we must find ways to expand capacity without using tons of new bricks and mortar. In Florida, we’re looking at multiple options, including:

- Virtual education –
  - FCS -- During the last 15 years unduplicated enrollments in e-learning courses have grown 16-fold from 16,633 to 268,374 unique students. Now, about one-third of students engage in some sort of virtual education.
  - SUS -- The number of students that took at least one distance education course in 2010-11 was 160,649, or about half of all students in the System. The number of students enrolled only in distance learning courses for the same reporting period is 25,772, with 12,183 of those pursuing a baccalaureate degree.
- Shortening graduation times (improving throughput)—
  - SUS – 4.3 years now (First Time in College) (representing 17% excess credits), but SUS is trying to reduce that to 4.0 years by 2025
  - FCS – 3.3 years now (representing 25% excess credits), but the goal should be 2 years (AA) and FCS is trying to get there
- Helping adults finish their degrees – Complete College Florida Pilot. GAA -- \$2.5m to UWF for purposes of administering the Degree Completion Pilot Project with USF, FSCJ, and SPC. Why do this?
  - 2 million Floridians have ‘stopped out’ of college (23% of workforce)
  - A focus on “adult re-entry learners” that have ‘stopped out’ of college for a variety of reasons (family, military, financial, jobs, etc.)
  - Florida has significant military and veteran population for service through this initiative (1,650,900 veterans in FL; currently 56,000 veterans in Florida taking courses)
- Western Governors University – Though the Legislature didn’t fund it this year, the House proposed to use WGU’s competency-based system to:
  - \$2.5m in nonrecurring funds shall be provided to WGU for purposes of implementing a Student Access Pilot that targets high-need students, in particular veterans and unemployed workers, to earn a baccalaureate degree at an accelerated pace or math and science teachers who have the knowledge, expertise, and competencies to teach science, technology, engineering, and mathematics (STEM) courses but lack the appropriate licensing requirements.
- Classroom utilization – The State Board of Education and the Board of Governors are studying ways to increase use of classroom space to help move students through the systems more effectively.
- FRAG/ABLE – To the extent that students decide to attend private for-profit and private nonprofit colleges and universities rather than public institutions because of Florida Resident Access grants and Access to Better Learning and Education grants, the state is able to generate graduates without stressing capacity.

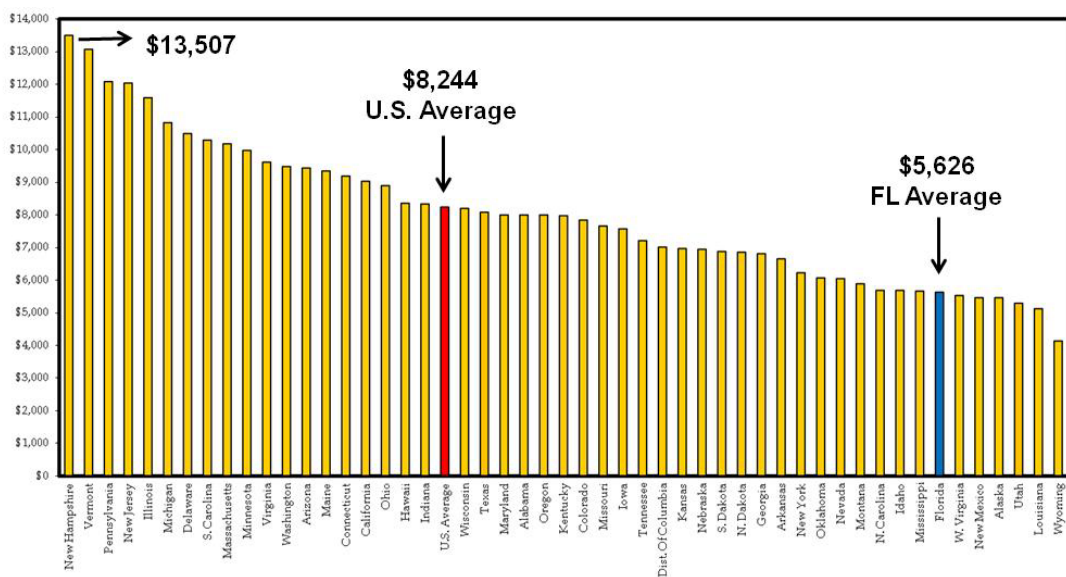
## How do you protect and enhance access?

1. In-state tuition for Florida's public universities is already low, with a declining state investment.

### Declining State Investment

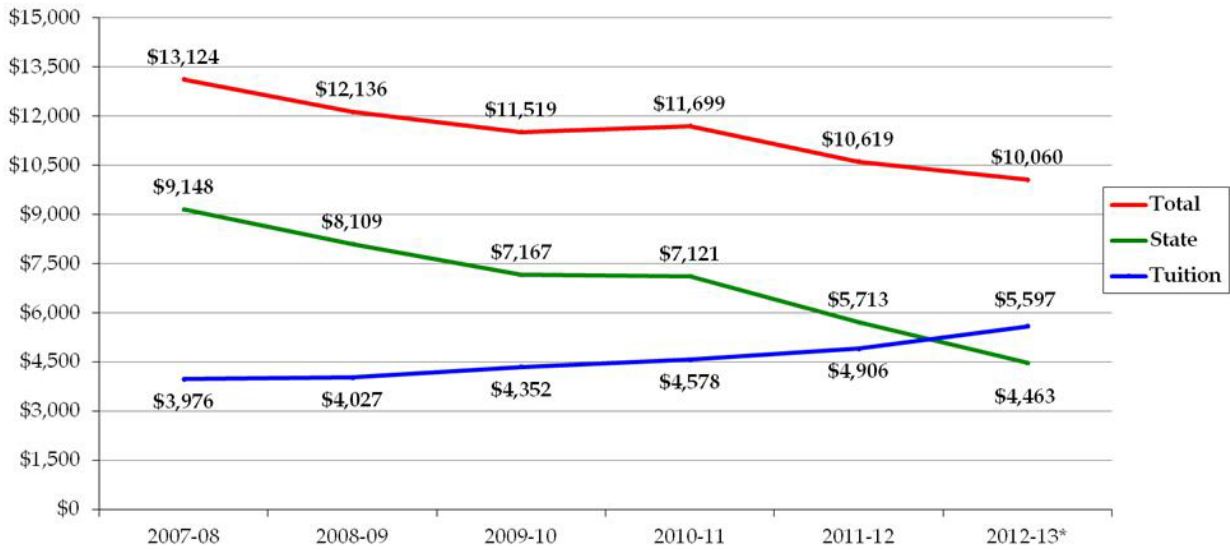


State University System is 45<sup>th</sup>-lowest for tuition & fees in the nation.



Source: College Board, Trends in College Pricing, 2011

## Tuition Burden to Students Increasing while State Investment Decreases



\*Based on estimated 2012-13 enrollments.

### 2. Graduates of Florida's public universities are leaving with relatively little debt.

- Of resident SUS undergraduates in Fall 2009, 18% did not apply for or receive any need or non-need-based financial aid; 28% received more in financial aid than they paid in tuition and fees; and 22% paid less than \$750 in tuition and fees. Note: In this analysis, financial aid did not include loans, work-study, Prepaid plans, or other family-based college investments.
- Depending on the information source, the average percentage of full-time students (at public 4-year universities) with student loans ranges from 47% to 50%, and the average annual amount of loans ranges from \$5,600 to \$6,000. Contrast that with the numbers for SUS institutions, below:

	Percent With Loans	Average Amount of Loans
University of North Florida	22%	\$4,168
University of Florida	22%	\$4,780
Florida International University	23%	\$5,120
University of Central Florida	24%	\$5,474
Florida Atlantic University	29%	\$4,721
Florida Gulf Coast University	29%	\$5,685
Florida State University	30%	\$6,008
New College of Florida	32%	\$4,244
University of South Florida	35%	\$5,058
University of West Florida	37%	\$5,005
Florida A&M University	69%	\$6,068

- For the 18 public research universities ranked higher than UF in the most recent U.S. News and World Report college rankings, the median percentage of students with student loans is 37%, and the median annual amount of loans is \$5,800. Contrast that with the data for UF (22%, \$4,780), USF (35%, \$5,058), and FSU (30%, \$6,008). To further put this into context, the median annual in-state tuition and fees for the 18 public research universities cited above is about \$8,200, while UF's is at \$3,800, and USF's and FSU's are at \$4,000.

## **How can education and economic development be married, especially in terms of planning and alignment?**

*Closing the Talent Gap* recommended that the state should mandate the creation and implementation of a statewide talent strategic plan. Driving this strategic plan should be a comprehensive and quantitative assessment of the current and future talent requirements of the state's economy and a methodical examination of all options, public and private, to increase high-quality degree and certification production in the state to meet Florida's short- and long-term needs. Proposed strategies must be designed and weighed to provide maximum economic return to the state. The planning process should involve both public and private stakeholders from a variety of fields and establish short- and long-term goals and performance metrics, comparable across systems, so primary actors can plan for the deliverables that will be expected of them. As part of that process, the state should hold annual joint planning and work summits among public and private, state-level education, economic development, workforce development, and business advocacy organizations to increase seamlessness and efficiency and accelerate talent supply performance. The Legislature should endorse and codify both the planning process and, by reference, the resulting strategic plan. The strategic plan should be used by the state as a policymaking tool, an estimating tool, and a budgeting tool, with results and indicators being tracked over time.

Since *Closing the Talent Gap* and having met with additional state business and workforce leaders, the Florida Council of 100 has refined its recommendation. Because projecting future state or MSA job needs can be difficult and imprecise, we're calling for the creation of a consensus estimating conference in which participants could weigh and integrate many types of data, such as existing and short-term labor market information, job needs by occupation, job needs by industry, and qualitative labor market and economic development expertise. Projected jobs could then be tied to postsecondary programmatic codes to facilitate the determination of how Florida's educational institutions are going to meet the demand.

Currently, there are multiple public-private partnerships working in this direction, including Workforce Florida, Inc., with its Talent Supply Chain initiative and the Higher Education Coordinating Council.