



November 4, 2011

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325 West Gaines Street, Suite 1614
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Kathleen Shanahan
Chair, State Board of Education
325 West Gaines Street, Suite 1520
Tallahassee, Florida 32399

RE: Proposed Decision Points for Creating a New University or
Increasing an Existing University's Campus Status

Dear Chair Parker and Chair Shanahan:

In October, the Florida Council of 100 called for proponents of the creation of all new universities and colleges to fully address certain key questions and to definitively (and quantitatively whenever possible) show how their proposals would specifically fulfill the 10 fundamental *Closing the Talent Gap* principles and do so better than the status quo. (See Appendix A for those questions and principles.) We noted that, while such proposals might appear to be meritorious on their face, it is vital that the business cases for these proposals are sufficiently comprehensive, quantitative, and methodically developed and that related policy options have been weighed in terms of their relative economic return to the state.

As a follow-up to this recommendation, the Council of 100 has drafted the enclosed decision points for creating a new university or increasing an existing university's campus status. Expanding on the previously suggested questions and principles, these proposed decision points provide specific examples of the documentation we believe necessary to begin evaluating such an institution's ability to start or grow. Please note that, while we believe this document to be a good foundation for preliminary inquiry, it is only a first draft of possible decision-making elements and is not intended to be exhaustive; we fully expect the list to be enhanced over time.

As noted in October, the Florida Council of 100 seeks to ensure that a rigorous and logical process is in place to measure and manage decisions relating to proposals for new or certain expanding colleges and universities, now and in the future. Vital to this approach is the recognition that in difficult economies like today's, as well as in good, the first and last education dollar spent must be targeted based on a clear and articulated strategy to align our educational programs with the future of our students.



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As new education dollars are available, the threshold question should be, “Where does the public investment provide the greatest student return?” The Florida Council of 100 is supportive, if on balance, a proposal convincingly shows, quantitatively and qualitatively, that such creation or expansion of a new college or university would provide the highest relative student return, and return on the state’s investment, of available policy options.

Sincerely,

Steve Halverson
Chair, Florida Council of 100

Susan Pareigis
President & CEO, Florida Council of 100

Enclosure

cc: The Honorable Rick Scott, Governor, State of Florida
The Honorable Jennifer Carroll, Lt. Governor, State of Florida
The Honorable Dean Cannon, Speaker, Florida House of Representatives
The Honorable Mike Haridopolos, President, Florida Senate
The Honorable Will Weatherford, Speaker Designate, Florida House of Representatives
The Honorable Don Gaetz, President Designate, Florida Senate
The Honorable J.D. Alexander, Chair, Budget Committee, Florida Senate
The Honorable Denise Grimsley, Chair, Appropriations Committee, Florida House of Representatives
The Honorable Evelyn Lynn, Chair, Higher Education Appropriations Subcommittee, Florida Senate
The Honorable Marlene O’Toole, Chair, Higher Education Appropriations Subcommittee, Florida House of Representatives
The Honorable Steve Oelrich, Chair, Higher Education Committee, Florida Senate



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The Honorable Bill Proctor, Chair, Education Committee, Florida House of Representatives

The Honorable Erik Fresen, Chair, K-20 Competitiveness Subcommittee, Florida House of Representatives

The Honorable Kelli Stargel, Chair, K-20 Innovation Subcommittee, Florida House of Representatives

Mr. Frank Brogan, Chancellor, State University System of Florida

Mr. Gerard Robinson, Commissioner, Florida Department of Education



Appendix A

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Closing the Talent Gap recommends that the following 10 principles drive discussion of such 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.
- **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.

Questions related to a business case for a new or expanding university or college should include, but not be limited to:

- Is there a quantifiable need for the new university or college? If so, what are the advantages and disadvantages (quantitative and qualitative) to the proposed new university or college being an independent entity?
- How would the new university or college fit into the state's current higher education system and further the mission of that system?
- What is the amount of public and private investment needed, and over what period of time, to successfully create the new university or college?
- How would the new university or college provide a net higher return on the state's investment than the status quo?
- What is the estimate of student enrollment at the new university or college in one year, five years, and ten years? What level of enrollment is needed to make the new university or college viable?
- What would be the new university's or college's focus in degree production? Why is being an independent university or college a necessary condition for producing those degrees? What would be the new university's or college's cost per degree produced?



Florida Council of 100



**Proposed Decision Points for
Creating a New University or
Increasing an Existing University's Campus Status
(as defined under BOG Regulation 8.009 – Educational Sites)**

NOTE: This is a first draft of possible **criteria** / **principles** and is not intended to be exhaustive.

Criteria

Criterion #	FC100 Criterion	Elements
<p>Criterion 1.0</p>	<p>Is there a quantifiable need for the new or expanded university?</p>	<p>What is the quantified “unmet need” for the degrees projected to be awarded by the university to the university’s “target student market”?</p> <p>The term “target student market” (or “TSM”) means the students expected to enroll at the university based on one or more of the following factors:</p> <ul style="list-style-type: none"> • Levels of degree sought • Degree programs sought • Demographic and socioeconomic characteristics (e.g., age, gender, race, employment status, prior education, income level) • Geographic region to be served • Instructional delivery mechanisms to be used <p>The university’s TSM must be precisely defined before conducting further analysis.</p> <p>The term “unmet need” is defined as the “current and projected supply” for the proposed degrees from “public or private postsecondary institutions capable of meeting the identified need” (or “alternative institutions”) less the “current and projected student demand” for that need.</p> <p>“Projected” or “projecting” means the quantitative analysis of growth in the next 3 years, 5 years, 10 years, and 20 years.</p> <p>The “current and projected supply” for a proposed degree must be established by:</p> <ul style="list-style-type: none"> • Analyzing current degree enrollment and award data, considering the TSM, for alternative institutions and projecting growth in those awards. • Providing alternative institutions with the opportunity to comment on their ability to increase related degree-awarding capacity over the projected time periods.

		<p>The “current and projected student demand” for a proposed degree must be established by:</p> <ul style="list-style-type: none"> • Calculating and projecting the future size of the TSM based on the factors used to define the TSM. The calculation and projection must be adjusted to account for the potential duplicative counting of students selected based on multiple factors. <p>The TSM must be of “sufficient” size to support the university. “Sufficient” must be quantitatively defined by the Board of Governors based on rigorous research. For <u>example</u>, 1991 and 2001 reports from the Postsecondary Education Planning Commission, provide the following geography-based criteria:</p> <ul style="list-style-type: none"> ○ Defining the geographic region to be served by the university. Analysis should consider the driving distance and time radii for both the new or expanded institution and existing, adjacent institutions to avoid duplication of service. (For example, according to calculations by the Council based on 1991 and 2001 reports from the Postsecondary Education Planning Commission, a new university must be at least 60 miles and 68 driving minutes from the main campus of a similar entity.) ○ Defining the population base within the geographic region to be served. This includes both numbers and demographics. (For example, as noted in the 2001 PEPC report, a new university must have the potential of achieving an FTE enrollment of 3,750 FTE students within five years after its opening date, and 7,500 FTE students within 10 years.) ○ Determining the extent to which the residents of a region are currently participating in higher education in Florida and how such a rate compares to those of high-performing states or MSAs. <ul style="list-style-type: none"> • Scientifically surveying the TSM regarding demand for the degrees (level and program) to be awarded by the university. • Calculating the current and projected Florida labor market demand for the degrees (level and program) to be awarded by the university. Such analysis must be conducted based on official government or academic data or estimates. • Scientifically surveying employers, in labor markets served by the TSM, regarding demand for the degrees (level and program) to be awarded by the university. This surveying should also be augmented by in-depth interviewing or focus group activities involving such employers in order to gain additional insights into the needs of the business community.
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		<p>After conducting the above quantitative analyses, there should be consideration of all other qualitative or quantitative reasons why the university is necessary to meet unmet need in Florida's postsecondary systems.</p> <ul style="list-style-type: none"> • This could include the performance of sponsored research and technology transfer (R&D). <ul style="list-style-type: none"> ○ If the university intends to pursue such R&D, it would need to provide detailed descriptions of the research areas it plans to address and the unmet need for such research, as well how the R&D function will be integrated into, and enhance, students' educational experiences. ○ Alternative institutions must be given the opportunity to comment on their ability to meet the same unmet need targeted by the university and to submit an alternative proposal, if desired. ○ In addition to inclusion in the overall analysis, the R&D function would need to be separately addressed under Criteria 2.0 (furthering the SUS mission), 3.0 (financial projections), 4.0 (performance metrics), 6.0 (R&D program focus), and 7.0 (necessity of independence); and Principles 1.0 (market-determined need), 3.0 (highest expectations), 4.0 (accountability), 5.0 (rewarding performance), 8.0 (leveraging resources), and 9.0 (partnership).
<p>Criterion 2.0</p>	<p>How would the new or expanded university fit into the state's current higher education system and further the mission of that system?</p>	<p>To what extent will the university be filling an unmet need as demonstrated by the analyses in Criterion 1.0?</p> <p>If applicable, there should be detailed descriptions, including quantitative elements if possible, of other ways in which the university will fit into the state's current higher education system and further the mission of that system.</p>
<p>Criterion 3.0</p>	<p>What is the amount of public and private investment needed, and over what period of time, to successfully create the new or expanded university?</p>	<p>Provide a complete set of detailed pro forma financial statements for the first 20 years of the university's operations, and conduct sensitivity analysis based on at least 5 different revenue scenarios. The financial statements should include detail by operational unit. Notes should clearly explain all methodologies and assumptions (including time value of money), and source data must be provided.</p> <ul style="list-style-type: none"> • What are the university's projected overhead rates? How does this rate compare with SUS and industry averages?

		<ul style="list-style-type: none"> • How do the university’s projected costs compare with those of the other state universities (e.g., the SUS Interactive Database, “Expenditure Analysis in State University System Institutions” at http://flbog.org/resources/iud/expenditure_search.php)? • How do the university’s projected revenues and expenditures compare with those of universities of similar type (e.g., size, degree level focus, degree program focus, student characteristics)? • How do the university’s projected revenues and expenditures compare with those of universities that have been in similar situations (especially in Florida but also new or expanded institutions in other states)? <p>Provide detailed explanations of the funding required to support the operational activity reflected in the pro forma financial statements. Sources of funding must be listed. Notes should clearly explain all methodologies and assumptions (including time value of money), and source data must be provided.</p> <ul style="list-style-type: none"> • Provide detailed, quantitative contingency plans based on at least sub-optimal funding scenarios. <p>Provide detailed explanations of the funding required to support the capital investment activity reflected in the pro forma financial statements. Sources of funding must be listed. Notes should clearly explain all methodologies and assumptions (including time value of money), and source data must be provided.</p> <ul style="list-style-type: none"> • Provide detailed, quantitative contingency plans based on at least sub-optimal funding scenarios. <p>Provide detailed operational plans for each operational unit for the university’s first 1, 3, and 5 years of existence, including financial plans and human resource plans.</p> <p>Provide detailed operational plans for each academic department for the university’s first 1, 3, and 5 years of existence, including financial plans and human resource plans.</p> <p>Provide a plan for obtaining accreditation including a timeline, projected costs, and contingency plans should the timeline be delayed.</p>
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<p>Criterion 4.0</p>	<p>How would the new or expanded university provide a net higher return on the state's investment than the status quo?</p>	<p>What is the projected cost to the state, per degree, of filling the unmet need calculated in Criterion 1.0 by creating the university? (See also Criterion 8.0.)</p> <p>Provide the following:</p> <ul style="list-style-type: none"> • Annual schedules of projected degree awards, by level and by major. • Annual projections of the metrics listed in the SUS Annual Report for each university. • Projections of the annual return on the state's investment in the university and how that ROI compares with the status quo benchmark. (BOG will construct a valid and reliable calculation methodology, considering the TSM, and the corresponding status quo benchmark.) • Projections of the annual return on the student's investment in the university. (BOG will construct a valid and reliable calculation methodology, considering the TSM, and the corresponding status quo benchmark.) • A commitment to join the Voluntary System of Accountability as soon as possible. • Detailed descriptions of the methodologies by which the university will track, and annually report on, its former students' job placements and wages. (BOG will ensure methodological consistency within the SUS.) • Detailed descriptions of the methodologies by which the university will conduct, and annually report on, scientific customer satisfaction surveys of its students, former students, and employers of its students and former students. (BOG will ensure methodological consistency within the SUS.)
<p>Criterion 5.0</p>	<p>What is the estimate of student enrollment at the new or expanded university in one year, five years, and ten years?</p>	<p>Provide annual enrollment projections (FTE and headcount).</p>

<p>Criterion 6.0</p>	<p>What would be the new or expanded university's focus in degree production?</p>	<p>Provide annual schedules of projected degree awards, by level and by major.</p> <p>Provide detailed qualitative and quantitative descriptions of the rationale(s) for deciding to offer each degree program, especially unmet need. (See also Criterion 1.0.)</p> <p>Provide detailed descriptions of the financial and human resource needs of each degree program. These should flow through to Criterion 3.0.</p>
<p>Criterion 7.0</p>	<p>Why is being an independent university or expanding an existing university a necessary condition for producing those degrees?</p>	<p>Describe in detail, qualitatively and quantitatively, the advantages of the university being independent. Describe in detail, qualitatively and quantitatively, the disadvantages of the university being independent, and how the university intends to mitigate them.</p> <p>Describe the proposed governance structure of the university.</p> <p>Provide detailed information regarding proposed leaders and administrators, or, if not yet designated, the proposed qualifications for those positions.</p> <p>Alternative institutions must be given the opportunity to comment on their ability to meet the same unmet need targeted by the university and to submit an alternative proposal, if desired.</p>
<p>Criterion 8.0</p>	<p>What would be the new or expanded university's cost per degree produced?</p>	<p>Calculate the following:</p> <ul style="list-style-type: none"> • Compare projected university costs with those of the other state universities (e.g., the SUS Interactive Database, "Expenditure Analysis in State University System Institutions" at http://flbog.org/resources/iud/expenditure_search.php). • Substitute appropriations for expenditures in the above calculations. • Substitute degrees for credit hours in the above calculations. <p>See also Criterion 4.0.</p>

Ten-Principle Analysis

Principle #	FC100 Principle	Elements
Principle 1.0	Market-determined need: Supply and demand must drive program creation, expansion, and contraction.	See Criterion 1.0.
Principle 2.0	<u>Access</u> : A person's circumstances (demographic, geographic, economic, or otherwise) must not be a barrier to full participation in the education system.	<p>Provide a detailed financial aid plan based on the TSM and projected enrollment. Include all financial aid policies including how the level of family contribution will be determined and how financial aid programs will be applied to meet student need.</p> <p>What is the projected average (mean and median) student debt upon exit, including by degree level and degree program? Clearly explain all methodologies and assumptions (including time value of money), and source data must be provided.</p> <ul style="list-style-type: none"> • How do these results compare to SUS institutions and similar institutions across the nation?
Principle 3.0	<u>Highest expectations</u> : Performance standards must be established and maintained at the highest levels, nationally and internationally.	<p>See Criterion 4.0. Select top-notch (but comparable based on the TSM) universities from around the nation and the world (in addition to SUS institutions) against which to regularly benchmark performance. Provide a detailed description of the selection methodology, as well as source data.</p> <p>What policies and programs will be put in place to help students fill, and excel in, positions in the workforce, post-graduation?</p>
		:

<p>Principle 4.0</p>	<p><u>Accountability:</u> All participants and providers must answer for their performance.</p>	<p>See Criterion 4.0.</p> <p>Provide detailed performance evaluation plan for all university employees. The plan must not create perverse policy incentives (e.g., grade inflation resulting from a professor’s desire to please a student so the student will give him or her a good evaluation).</p> <p>Provide a detailed performance incentive/disincentive plan for all university employees. Such a plan must be tied to metrics (or metrics related to) those addressed in Criterion 4.0. Clearly superior performance (e.g., one standard deviation above the norm) must be a condition for reward.</p>
<p>Principle 5.0</p>	<p><u>Rewarding performance:</u> Superior results merit superior benefits.</p>	<p>See Principle 4.0.</p>
<p>Principle 6.0</p>	<p><u>Cost-effectiveness:</u> Resources must be allocated where they have the greatest impact.</p>	<p>See Criterion 3.0 and Criterion 4.0.</p>
<p>Principle 7.0</p>	<p><u>Administrative efficiency:</u> Front-line funding must be maximized.</p>	<p>See Criterion 3.0 and Criterion 4.0.</p>
<p>Principle 8.0</p>	<p><u>Leveraging resources:</u> Private and federal monies must be brought to bear whenever possible.</p>	<p>See Criterion 3.0. Also, list and describe, in detail, all projected non-state revenue sources.</p>

<p>Principle 9.0</p>	<p><u>Partnership</u>: Cross-organizational synergies must be fostered, institutionalized, and capitalized.</p>	<p>Describe in detail any projected talent-related partnerships that the university might seek with alternative institutions, postsecondary institutions in other states or countries, K-12 institutions or districts, or private entities (non-institutional).</p>
<p>Principle 10.0</p>	<p><u>Data-driven decision-making</u>: Objective analysis must drive policy</p>	<p>Has the university met the evidentiary requirements of Criteria 1.0-8.0 and Principles 1.0-9.0?</p>