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FLORIDA BOARD OF GOVERNORS
TURNBULL CENTER FOR PROFESSIONAL DEVELOPMENT
FLORIDA STATE UNIVERSITY
TALLAHASSEE, FLORIDA
MARCH 23, 2006

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The Chair, Carolyn K. Roberts, convened the meeting of the Board of Governors in the Turnbull Center for Professional Development, Florida State University, Tallahassee, Florida, at 1:00 p.m., March 23, 2006, with the following members present: Jorge Arrizurieta; Dr. Akshay Desai; Ann Duncan; Charles Edwards; Joe Goldberg; Dr. Stanley Marshall; Frank Martin; Sheila McDevitt; Lynn Pappas; Ava Parker; Dr. Martha Peláez; Tico Perez; John Temple; Commissioner John Winn; and Dr. Zach Zachariah. Mr. John Dasburg, Vice Chair, participated in the meeting by telephone conference call.

1. Call to Order and Chair's Report

Mrs. Roberts thanked President Wetherell and his excellent staff for their hospitality and welcome. She said it was so important to be in Tallahassee during the Legislative Session while Legislators were making critical decisions relating to the University System.

She said that the previous week, Commissioner Winn had advised the Chancellor that he was recommending a zero allocation to the State University System from the increase in expected PECO revenues determined by the most recent Revenue Estimating Conference, and that he was recommending the full increase be distributed to the public school districts to address the requirements of the Class Size Amendment. She said she was sympathetic to this need; this was exactly the reason she and many others had vigorously opposed the Amendment. She noted, however, that the universities also had significant construction needs to accommodate their enrollment pressures, both at the undergraduate and graduate levels.

Mrs. Roberts said this would be an historic meeting. She commented that the Board had begun its discussions of medical education in December 2003. She said that the Board had been thoughtful in its deliberations of medical education and thorough in its review. The Board had asked CEPRI to explore the need for new doctors in Florida and to recommend ways to address the physician need. The Board had also held several extended medical education workshops, the first one in January 2004, to discuss all the related issues, including medical school expansion and residencies. She said Dr. Marshall had recommended a time for Board members to discuss the issue, and this meeting would be the opportunity for that discussion and exchange of views. She recommended that the issue of medical schools should be the last item on the Agenda and said she would entertain a motion to alter the order of business.

Mr. Martin moved that consideration of medical education be the last item on the Agenda. Ms. Parker seconded the motion, and members of the Board concurred.

Mrs. Roberts reported that Judge Ferris had now entered her Order ratifying the mediation agreement in the suit brought by Floridians for Constitutional Integrity. She said the agreement brought closure to many issues. She emphasized that the Board respected its partnership with the Legislature and clearly recognized the Legislature's authority for appropriations. She added that it was vital for the Board to work with Legislators to ensure a great State University System appropriately funded. She said in her meetings with Legislators, they had assured her of their support and commitment to the universities. She said she hoped Board members used their time in Tallahassee to visit with Legislators and advocate for the University System. She thanked all the Board members, all of them volunteers in service as Board members, for their time and energy given to this work. She asked that the Corporate Secretary provide all the members a CD of this important meeting.

On a point of personal privilege, Mr. Edwards said he wished to thank the Chair, Mrs. Roberts, publicly, for the manner in which she had handled the lawsuit brought by Floridians for Constitutional Integrity and for the outcome of that litigation. He said the lawsuit had come out well for the parties and for the education system in Florida. Members of the Board and the audience applauded.

2. Approval of Minutes of Meeting held February 23, 2006

Mr. Goldberg moved that the Board approve the Minutes of the meeting held February 23, 2006, as presented. Ms. Duncan seconded the motion, and members of the Board concurred.

3. Chancellor's Report

Dr. Rosenberg said university students had been in Tallahassee this week actively lobbying issues of interest to them. He thanked Mr. Goldberg for his leadership of these efforts.

He reported that this had been a busy month. The previous week Governor Bush had met with the University Presidents; earlier this week, the Chairs of the University Boards had met with the Governor, and had also met with Mrs. Roberts and the University Presidents. He said they had had good conversations. He commented that the Governor had a clear understanding of the role of the universities in the innovation economy.

He said he was pleased to report that during the last seven years, the graduation rate at the universities had increased by 27 percent; the graduation rate for African-American students had increased by 47 percent. He said the universities were working to make sure more minority students were graduating. He said from 1998 to 2005, sponsored research funding to the universities had more than doubled, from \$750 million to \$1.5 billion. He said the SUS was enjoying a much improved presence in

Washington, D.C. He said this past year, the SUS had received over \$100 million in federal earmarks.

Dr. Rosenberg said the Legislative Session was going well. He thanked Representatives and Senators with whom he had met; they were working collaboratively. He believed that the SUS would have a successful Session. He also thanked Mr. Rick Maxey and the university lobbyists who were making progress on the university governance legislation. He noted that there was also receptivity to SUS concerns from the press, and that there had been favorable editorials and articles the past few weeks. He thanked Mr. Bill Edmonds and Dr. Martha Peláez for their assistance with “op ed” pieces.

He reported that he had appointed an Emergency Management Task Force. He said that under the leadership of Sandra Flake, UWF, the work of this Task Force would assure that the universities would be better prepared for the 2006 Hurricane Season.

4. Consideration of Amended 2006-2007 State University System Fixed Capital Outlay Legislative Budget Request

Ms. Parker reported that the Facilities Committee had held a joint meeting with the Finance Committee earlier that morning to review amendments to the 2006-2007 SUS Fixed Capital Outlay Legislative Budget Request. She commended the Chancellor’s staff for all their work in addressing the PECO revenue increase and the distribution of these funds to all 11 universities. She said there had been many changes made in a very short period of time. She said she appreciated their hard work.

She said there were two separate action items for Board action. She moved that the Board approve the amended 2006-2007/2008-2009 Three Year PECO Project List, as presented, and further, authorize the Chancellor to make technical corrections, as necessary. Ms. Duncan seconded the motion, and members of the Board concurred.

In addition, Ms. Parker said the Committee had discussed five additional amendments to the 2006-2007 Fixed Capital Outlay Legislative Budget Request, as approved by the Board at its meeting on February 23, 2006. She moved that the Board approve these additional amendments, as presented. Dr. Peláez seconded the motion, and members of the Board concurred.

Ms. Parker reported that the Facilities Committee members had also discussed a Facilities Task Force, to be appointed by the Chancellor, which would review all the issues relating to facilities in the SUS, including funding, process, and best practices. She said the Chancellor had not yet made the appointments to the Task Force.

5. Consideration of 2007-2008 Legislative Budget Request Development Guidelines

Dr. Zachariah said the Finance Committee had a good discussion of the 2007-2008 Legislative Budget Request Development Guidelines. He said Mr. Tim Jones had explained the budget process and the timelines. He moved that the Board approve the 2007-2008 Legislative Budget Request Development Guidelines for the operating and

fixed capital outlay budgets, and authorize the Chancellor to make technical amendments and adjustments based on the final 2006-2007 Legislative appropriations, as presented. Mr. Edwards seconded the motion, and members of the Board concurred.

6. Consideration of Regulation Development Procedure for the Board of Governors

Ms. McDevitt said the Student Affairs Committee had been charged with the review of regulations. She said on July 21, 2005, the Board had adopted a Regulation Development Procedure for use by university boards of trustees. She said the Agenda included a proposed Regulation Development Procedure to be used by the Board of Governors in adopting its regulations. She said Ms. Vikki Shirley, the Board's General Counsel, had worked with the University General Counsels in developing the proposed Procedure and had reviewed its provisions with the members of the Student Affairs Committee. She noted that it mirrored the Procedure adopted earlier for the university boards, excluding the provision requiring this Board's review of certain select regulations. She moved that the Board adopt the Regulation Development Procedure for the Board of Governors, as presented. Ms. Duncan seconded the motion, and members of the Board concurred.

Ms. McDevitt also reported that the Student Affairs Committee had met the previous afternoon with the Governor's Access and Diversity Commission. She said the Committee had heard excellent presentations on programs at USF, FIU and FSU to improve college readiness and to improve student retention. She said the Committee was looking at best practices around the University System to ensure student success and to optimize available resources. After the meeting, members had gone to the meeting of the Higher Education Subcommittee of the House Appropriations Committee to show support for funding of the First Generation Matching Grant Program. She said she was optimistic about the funding of this initiative before the Session ended.

7. Status Report: 2006 Legislative Session; and Bonding Process for the Board of Governors

Mr. Maxey said he appreciated the good cooperation with all the university lobbyists this Session. He said they were also working well with certain industry officials. He pointed out that there was still a great deal of work to be done on many issues. He reported that the Proposed Committee Bill on university governance would be heard in the House Colleges and Universities Committee on Tuesday, March 28, 2006; he said there were approximately 49 amendments to be heard. He said the Bill included language about bonding by the universities which had generated considerable interest among the members. He said Representative Mealor and other legislators were supportive of this Board adopting a bonding policy for the universities. He said that members of the Student Affairs Committee and the Governor's Commission had met with legislators over the past few days advocating for the funding of scholarships for low income and minority students and the First Generation Matching Grant Program. He said the initial funding recommendations for these programs were low, but that he remained optimistic that there would be additional funding further in the process.

Mr. Maxey said Session was moving into the “home stretch.” He said now was the time for Board members to contact members of the Legislature and urge their support of the State University System. He said Board members should remind Legislators that funding the universities provided access for students. He said he was happy to coordinate meetings of members with Legislators.

Mr. Edwards inquired whether there had been any discussions about changing the statutory formula for the distribution of PECO funds. Mr. Maxey said there had been some discussions. Dr. Peláez expressed her concern about the legislation dealing with space allocation and classroom utilization. She said the OPPAGA Report was misleading as it did not consider the after-hours classroom use at the urban campuses. Mr. Maxey said that SB 1930 proposed to change the space utilization standards to 50 hours per week, 70 percent occupancy. He said the universities did not agree with these new space standards.

Mrs. Roberts thanked Mr. Maxey, Board staff and the lobbyists. She said to keep working. The end of Session was many weeks away.

Mr. Maxey reported that the Board had begun discussions of a bonding policy at its meeting on January 26, 2006. He said staff were working with Vice President Ed Poppell, UF, and with Mr. Ben Watkins, Director, Division of Bond Finance, to add the detail to the broad policy outline adopted by the Board at that time. The proposed policy would provide the criteria by which to evaluate bond proposals and provide an approval process, to give the Legislature and others confidence in the governance by the Board of Governors in the exercise of its fiduciary responsibility. He said the intent was to have the policy implemented by July 1, 2006.

8. Consent Agenda Items

- A. Resolution Authorizing the Redemption Prior to Maturity of \$8,675,000 State of Florida, Board of Regents, University of South Florida Housing Facility Revenue Bonds, Series 1996A; Authorizing the Execution of an Escrow Deposit Agreement; Providing for an Effective Date

Ms. McDevitt moved that the Board adopt a Resolution authorizing the redemption prior to maturity of \$8,675,000 State of Florida, Board of Regents, University of South Florida Housing Facility Revenue Bonds, Series 1996A; authorizing the execution of an escrow deposit agreement; and further, providing for an effective date, as presented. Mr. Perez seconded the motion, and members of the Board concurred.

- B. Resolution Authorizing the Financing of the University of South Florida Parking Structure IV on the Main Campus, USF

Ms. Duncan moved that the Board approve the financing plan and adopt a resolution authorizing the issuance of fixed rate, tax-exempt revenue bonds by the Division of Bond Finance of the State Board of Administration of Florida on behalf of the University of South Florida, in an

amount not to exceed \$17,600,000 to finance the cost of construction of Parking Structure IV, as presented. He noted that this approval would be contingent upon approval by the 2006 Legislature, and that this legislative approval, if granted, would be effective July 1, 2006. Mr. Perez seconded the motion, and members of the Board concurred.

- C. Resolution Requesting the Division of Bond Finance of the State Board of Administration of Florida to Issue Revenue Bonds on Behalf of Florida Atlantic University to Finance the Construction of a Housing Facility on the Campus, FAU; Providing an Effective Date

Ms. Duncan moved that the Board approve the financing plan and adopt a resolution authorizing the issuance of fixed rate, tax-exempt revenue bonds by the Division of Bond Finance of the State Board of Administration of Florida on behalf of Florida Atlantic University, in an amount not to exceed \$31,095,000 to finance the cost of construction of a 600-bed Student Residence Hall, as presented. She noted that this approval would be contingent upon approval by the 2006 Legislature, and that this legislative approval, if granted, would be effective July 1, 2006. Mr. Edwards seconded the motion, and members of the Board concurred.

9. Status Report, Strategic Planning Committee; Resolution, Doctor of Nursing Practice

Dr. Desai said the Strategic Planning/Educational Policy Committee had met earlier in the day. He said the main issue on its Agenda was the proposal for a new degree, the Doctor of Nursing Practice. He explained that Mr. Dasburg had asked that he take the lead on issues related to nursing. He said the Board had identified nursing as a targeted degree program for the University System, and had learned that one impediment to increasing the number of students in nursing programs was the lack of nursing faculty. The Doctor of Nursing Practice degree was proposed as a way to add to the pool of qualified nursing faculty. He said he had worked with staff to bring a Resolution to the Board for its consideration. During the Strategic Planning Committee meeting, there were several amendments to the Resolution which described the process for universities seeking to implement the DNP in future, how to plan for the phasing out of existing master's programs, and the process for universities to maintain their master's nursing programs. He said the Committee had concurred in this balanced approach.

Dr. Desai moved that the Board approve the Resolution on the Implementation of Doctor of Nursing Practice Programs in Florida, as amended and adopted by the Strategic Planning Committee. Ms. Duncan seconded the motion, and members of the Board concurred.

10. Consideration of Medical Education in Florida

Mrs. Roberts said the issue of medical education had been seriously studied by this Board since December 2003. She said the Board would exercise its Constitutional

responsibility, do what was best for the State of Florida and what was right for the citizens. She said the Board had needed to spend the time early in the process just to determine the right questions to ask. She thanked Dr. LeMon and the Board staff who had assisted the Board members.

She said at this meeting, Dr. LeMon would introduce and frame the issues for the Board; the Presidents and Board Chairs of FIU and UCF would be invited to make brief comments; and the consultants who had helped the universities with their economic impact studies would be invited to answer questions. Finally, there would be discussion of the issues among the members of the Board.

Dr. LeMon said he wished to thank his small staff, particularly Dr. Krista Mooney, for the voluminous amounts of staff work in preparing the background information on medical education and for the review of the specific proposals from FIU and UCF. He said that it had been 17 months ago, November 2004, when Dr. Desai, then Chair of CEPRI, had presented its report to the Board of Governors on options in medical education. He commented that Dr. Michael Whitcomb, the Board's consultant, had said that this report was no longer a Florida report, but that it had now become a national report and a part of the national conversation on medical education.

Dr. LeMon said that much had been said about economic development and the economic impact of new medical schools. He said the economic impact was present and very complex. He noted that the issue of economic development would be a legacy of Governor Bush forward into the 21st century. He said in new program proposals, he always returned to the "North Star," i.e., was there a need for the program, was there a demand for the program, and to what extent would the program be offered equitably across the state. As to medical education, the questions were whether Florida needed more doctors; whether Florida needed to produce more doctors itself; and what was the Board prepared to do to provide affordable access to medical education in the future.

President Mitch Maidique, FIU, thanked the Board for this historic day. He said Mr. Paul Umbach, the consultant who had provided FIU's economic impact statement had chosen to be here, rather than at his scheduled meeting with the President of the University of Pennsylvania. Dr. Maidique said that FIU had a proven history of implementing new programs with high standards of academic excellence. He commented on the 74 percent pass rate on The Florida Bar exam by the first graduates of the FIU Law School. He said the studies had shown a clear connection between medical school graduates and residencies and remaining in the state to practice medicine. He said FIU had been able to demonstrate compelling community support for the program. A new medical school would help redefine the educational opportunities of South Florida.

Dr. Maidique said FIU had been able to enlist support and commitments from the top providers of healthcare in Miami-Dade, including Mt. Sinai Hospital, Mercy Hospital, and Miami Children's Hospital. He said some of those who were here in support of FIU's proposal had now attended at least four Board meetings. He said in order to increase the number of practicing physicians in South Florida, it was critical to graduate medical students into residencies in the area. He said he was confident that the

percentage of residents choosing to stay in South Florida would mirror the percentage of all other FIU graduates who sought to remain there. He said the community support had been overwhelming. He commented that his easiest job as President had been to raise money for the new medical school.

He introduced friends and supporters in the audience, as follows, from the FIU Board of Trustees: David Parker, Chair; Sergio Pino, Vice Chair; Dr. Herbert Wertheim, a \$20 million donor to the Medical School; Rosa Sugranes; Claudia Puig; Armando Guerra; Dr. Bruce Hauptli; and Alex Prado; Mr. Larry Khan, Chair-elect, FIU Foundation; Steve Sonnenreich, President and CEO, Mt. Sinai Hospital; Dr. Jeffrey Horstmyer, Chief, Division of Neurology, Mercy Hospital; Dr. Loretta Ciraldo, President, Dade County Medical Association; Thomas Rozek, President and CEO, Miami Children's Hospital; Christian Patrick, Senior VP and Chief Medical Officer, Miami Children's Hospital; Gustavo Gil, President, Latin Builders Association; and numerous FIU students, faculty and staff members. He added that the university had received thousands of email messages in support of the proposed medical school.

Dr. Maidique concluded his remarks by reading from a letter from Dr. Ciraldo, which had been mailed to members of the Board. Dr. Ciraldo had written about her mother who had raised three children on a bookkeeper's salary. Still, because of the accessibility made possible by a public university, the State University of New York, Dr. Ciraldo had been able to obtain a medical education, and now, years later, proudly served as the President of the Dade County Medical Association. She had written of the tremendous value of a medical education made available to an economically disadvantaged population, ensuring a diverse medical community.

President John Hitt said that he had begun the presentations of a medical school in January 2005. He said the CEPRI report had recommended several ways to increase the numbers of doctors in the state, including expanding the number of residencies, expanding the number of seats in the current medical schools, adding branch campuses of the current medical schools, and finally, creating new medical schools. He said that UCF had engaged the services of MGT of America, Inc., which had found that even after accomplishing the first recommendations, Florida still needed two additional medical schools. He said both universities had shown the need in Florida to add both medical schools, and both had demonstrated the economic impact of medical schools on their communities. He concurred with Dr. Maidique that he had also found it easy to raise funds for a new medical school. He said that he now had total cash pledges of \$47.6 million for the medical school, and with the value of the land gift, UCF had gifts of a total of \$55.1 million committed to the medical school.

Dr. Hitt introduced friends and supporters in the audience, as follows, from the UCF Board of Trustees: Judith Albertson, Manoj Chopra, Pat Christiansen, Alan Florez, Phyllis Klock, Conrad Santiago, and Thomas Yochum; Mayor Richard Crotty, Orange County; Mayor Buddy Dyer, City of Orlando; Mark White, SGA President-Elect; Jarred Stout, SGA Vice President-Elect; and numerous students, faculty and staff members.

He noted that both institutions estimated an economic impact of \$1.4 billion. The estimate for a Life Science Cluster around the Medical School was a \$6.4 billion annual

impact from a state investment of \$194 million at the end of ten years. He said for an investment of \$18 million for operating funds of the medical school, a cluster yielding \$207 million to the state seemed a fine investment.

Ms. McDevitt said it appeared that the economic consultants had applied a different methodology in looking at government revenues. She said it appeared that Mr. Umbach had looked at the impact of direct related revenues. She inquired whether he had looked at the impact of a cluster. Mr. Umbach responded that for FIU he had only looked at direct revenues from the medical school and for the affiliated hospitals. He noted that there was already a known cluster in Miami surrounding the medical school at UM. He added that medical schools had a \$350 billion economic impact nationally.

Ms. McDevitt inquired whether it was common for medical schools to develop a cluster effect, particularly in urban areas. Mr. Umbach said that this had happened around the 100 major medical campuses in the country, and that there was also a trickle effect on every county in the state. He noted that in Pennsylvania, every one of the 67 counties in the state benefited from the medical schools in the state. He estimated that Florida might experience a \$10 billion effect from these medical schools, and that as the fourth largest state in the country, the entire state would benefit from these medical schools.

Ms. McDevitt said she wanted to clarify the number of residencies each university anticipated, the phase-in for these residencies, and how these residencies would be funded. Dr. Maidique responded that he expected between 225 to 250 new residencies. These would come from three sources, including FIU's agreement with Mt. Sinai. Mt. Sinai had committed, that of its 160 residencies, up to 100 could be filled by FIU graduates. Also, he said that Mercy Hospital would get residencies accredited for graduate education, about 110 residencies. He said federal subsidies for residencies did not include pediatric residencies, but Children's Hospital had committed to an additional 10-20 residency positions.

Dr. Zachariah inquired how Mt. Sinai could guarantee residencies to FIU graduates, as its residencies were filled through the National Match Program. He also inquired how FIU could assure that its students would enter a Mt. Sinai residency if they were admitted to a residency at Johns Hopkins or at the Mayo Clinic. He said it was his opinion that students would want to enter the best residency program to which they were admitted. Dr. Maidique responded that a residency, such as at Mt. Sinai, would be more attractive to FIU students if it were affiliated with a medical school. He added that the pattern of FIU students showed a preference to stay in Miami.

Dr. Hitt responded that UCF had commitments from Orlando Regional Healthcare and from Florida Hospital to add 95 residency positions, residencies which did not now exist. If necessary, they had committed to pay the full cost of these residencies with their own funds. Residencies offered by these hospitals might be filled by UCF graduates through the Match Program. He said he had also had conversations with hospitals in Volusia and Brevard Counties, but had no firm commitments. He noted that under the Match Program, there was no quid pro quo with these residency programs and agreements for UCF students. He said he believed, however, that

informal relationships would occur, short of any formal agreements, which might create a bias for students to choose to remain in Orlando.

Ms. McDevitt inquired about plans for a V.A. Hospital in Orlando. Dr. Hitt said that it would likely be funded next year. The discussions centered on two sites, one located a few miles from Lake Nona or at Lake Nona itself, the site of the UCF Medical School. He said this would be a \$500 million capital investment in a V.A. Hospital with 120 beds and federally funded residencies.

Ms. McDevitt said she wanted to hear from representatives of USF and UF about expanding residencies at their medical schools. Dr. Doug Barrett, Senior VP for Health Affairs, UF, said UF had existing affiliations with Shands Teaching Hospital and Clinics in Gainesville and in Shands-Jacksonville. He explained that the limitation in expanding residencies was the funding of resident salaries. The major source of funds for resident salaries was Medicare. He said the teaching faculty at those locations and the facilities and infrastructure could absorb 200 new residents; the expense was the cost of resident salaries. He urged the Board to pursue one of the CEPRI recommendations to pursue residency funding from state funds.

President Genshaft said USF now had 427 residency positions with its affiliated hospitals; USF was not chartered with a hospital. She said she expected 50 new residencies in the next year, and 100 in the next five years, the 50 to be funded through the hospitals and through matching funds. She noted that in the last year, Florida had lost residencies to other states. If Florida could retrieve these residencies, these were residencies currently funded by the federal government. Dr. Abele said the FSU School of Medicine had not yet reached a full class size. He said he expected UF to transfer its residencies at Sacred Heart Hospital to FSU by July 1, 2006.

Dr. Desai commented that there was no prerequisite of affiliation with a medical school to start a new residency program. He said affiliation with a residency program certainly enhanced the reputation of a medical school. He inquired of Mr. Umbach the competing priorities for investments in looking at economic development, e.g., a high tech corridor, transportation, medical schools. He inquired where the investment in medical schools stood as a priority as against other economic development investments. Mr. Umbach said he had studied numerous projects, including convention centers and sports facilities. He said he had also studied a number of academic health industries. He commented that three factors made academic health centers a good investment. First, healthcare was a growing sector in the U.S. economy. There is a need in the population for healthcare, and continued growth in the clinical sector. Second, there was room for growth in medical research programs in Florida. He noted that medical funds came in with a "bounce" as they attracted other investment dollars. Third, as one looked at the future economy, the country was moving from electronics and heavy manufacturing industry to a life sciences environment, e.g., Scripps in Florida. He said this was an excellent long term investment and drives job creation like nothing else he had studied. He cited, by example, growth in Boston, Philadelphia and Pittsburgh. He said he knew of no bigger investment than a medical school and healthcare.

Dr. Desai commented on the increase in healthcare spending; the U.S. was spending 16 percent of its GDP on healthcare. He said at the state level, in Florida, the \$15 billion spent on Medicaid was second only to education spending. He said there was a direct correlation between an increase in the number of physicians and the increase in spending for healthcare, although this was not necessarily a better quality of healthcare. Sometimes there was waste and fraud in healthcare spending. He inquired about the economic impact of liability reform, as a cost of doing business.

Mr. Umbach responded that the best economic impact from medical education was in research and commercialization of healthcare that created jobs. He commented that there were about 24 different health-related companies in the Monongahela Valley. He agreed that healthcare spending might not be all good, but that there were cost savings with some types of healthcare research. He noted that Florida was in competition with all the other states, as doctors were "footloose" to choose where they might want to practice medicine. He said companies were also "footloose." He said he could not address the topic of tort reform in Florida, but that the environment for healthcare would need to be supportive and positive for his projections to 2025 to come true.

Ms. Pappas said she was thinking comparatively about the healthcare cluster concept. She inquired how Mr. Umbach's projections for FIU compared with USF. Mr. Umbach said he had not looked at other Florida clusters, but that the economic impacts have grown. He said the economic impact for all medical clusters in 1995 was \$180 billion; for 2002, the impact was \$320 billion; the estimate for 2005 was \$350 billion. He said 65,000 medical scientists in the U.S. drive this economy.

Ms. Pappas inquired of Dr. Perry Wong, the economic consultant to UCF, whether his projections for a large urban institution related to the experiences observed at USF. Dr. Wong said his model was based on an integrated economic system, looking at expenditures, the growth rate of Orlando, and the job creation and economic benefits added from the proposed medical school. He said Mr. Umbach had tracked the number of physicians created, although there were some commonalities in the projections.

Ms. Pappas inquired whether Dr. Wong had considered the hard data from the experience of the medical school and cluster environment at USF. Dr. Wong said he had not just considered the medical schools, but the life science industry locations within the state, including manufacturing, research and development, and other related academic programs such as biotechnology and biochemistry. He noted that Gainesville was growing, but not at the pace of Orlando. Dr. Genshaft added that there were differences between life science businesses and medical schools, but it was important to remember the expenses associated with medical schools.

Ms. Pappas said she continued to have questions about the time period for the return on the dollar investment. She noted that the consultants described the concept of a payback of the state's investment in the tenth year. She said she could not reconcile this ten-year payback period. Dr. Maidique said the economic impact figures were from national data. Mr. Umbach said these models/dollars were based on

historical experience elsewhere in terms of tax dollars and jobs generated in the economy. He estimated a \$1.4 billion total impact in Florida ten years out. He said these studies were done on real figures of goods and services. There was an enormous ripple effect from medical schools. Ms. Pappas said these data were done on an experiential basis, not on a discount of net present value. Mr. Umbach clarified that all the future dollars were based on the present 2005 dollar value.

Dr. Wayne Winegarden, a UCF consultant, said that all the life science clusters needed a medical school as an anchor. He said that with just a College of Medicine, for a cost of \$142 million in current dollars, without a life sciences cluster, he estimated \$312 million in tax revenues between 2006 and 2017.

Dr. Zachariah said some of these economic impacts seemed inflated for a brand new medical school. He noted that funding from NIH followed research scientists, not necessarily a medical school. He said that a medical school was not required to obtain federal funding.

Ms. Parker said she continued to be concerned that the Board should approve both proposals or neither proposal. She inquired why she should not be concerned about the risk in investing in two medical schools. Mr. Umbach said there was a \$1 billion impact from all the Boston-area research hospitals. He said medical schools are magnets for faculty and research; medical scientists are drawn to research at medical schools. The medical schools also can help keep the researchers there. He commended the CEPRI report, and noted that it required a long-term investment to address a physician shortage. He said Florida was about \$10 billion behind where it should be in healthcare funding and investment.

Ms. Parker inquired whether he had included the costs of necessary infrastructure and associated costs. Mr. Umbach said these were not included; the projections were made on the net operating impact of the medical school. Construction costs were over and above those numbers. He said his numbers were calculated as new dollars to the state. He added that medical schools were an economic driver as universities have grown; the presence of a medical school also aids other growth at a university.

Mrs. Roberts added that while economic development was important, the discussion should also be about the shortage of physicians, particularly as the population aged and the state grew.

Mr. Edwards said this was also a quality of life issue, which could not be measured in economic benefits, but was measured in the betterment of its citizens. He viewed this action as an opportunity to improve the lives of Florida citizens. Dr. Maidique responded that there was a large underserved population in Florida, and that the FIU medical school would be committed to serve this population. He reported that he had met with the President of Jackson Memorial Hospital and had discussed that FIU would take over responsibility for one of its clinics in a poor underserved area of Miami. Students would work in these clinics.

Dr. Marshall said he was interested in the discussion of residencies and economic impact. He said the CEPRI report had recommended a more fundamental approach. CEPRI had focused first on residencies, not on new medical schools. He noted that it would be 12 years before these new schools graduated their first students with completed residencies. He commended both presidents for garnering significant community support for these proposals, but these should not solely influence this Board's educational decisions. He said the role of this Board was for educational systems. He said the interests of this Board were represented by CEPRI, and its recommendations should be given serious consideration.

Ms. McDevitt said she had been appointed to this Board in December 2003; the Board had held its first formal workshop on medical education at her first meeting in January 2004. She said she had sat through all the discussions, had read all the material provided by the Board staff and by the universities, and had had many conversations with people from Orlando and Miami, and with many other interested people around the state. She also said it was important to serve the needs of the population of the state, a diverse population which was aging and multi-cultural.

Ms. McDevitt said she had worked with Board staff on a resolution which took a comprehensive approach to the issues and required a long-term investment. She explained the major provisions of the resolution. She said the resolution provided that if the Board moved forward with the new medical schools, the Board would also encourage and support the existing medical schools by fully funding their current enrollment and providing support for the expansion of their programs. The Board's priority remained full funding of the current medical school enrollment and expansion of residency programs at the existing schools. To the extent that federal funding was not available for expanding residencies, the Board would call on the Legislature to fund them. She said the Board would ask the Legislature to assist the Board in creating incentives for doctors to locate in geographically underserved areas of the state. She said there were programs in place to assist doctors to locate in these areas, but they were not consistently funded nor at a level to accomplish these goals.

She said the resolution also encouraged the Legislature to provide changes to the liability system to protect new doctors such that new physicians could afford insurance and be able to enter the practice of medicine with the highest levels of professionalism without the worry of financial insecurity, and allow them to remain in the state long term. She said the resolution addressed all these issues and made recommendations, comprehensively, about what the state should do as a matter of policy. She noted that the Board could not establish a decent policy without worrying about whether the state could afford to pay for these recommendations. She said she was comfortable that the dollars generated by these new medical schools would pay for the investment the state would make in them and their operating expenditures.

Ms. McDevitt said the recommendations in the CEPRI report were consistent with these recommendations. CEPRI had been asked to look at the most cost-effective means to obtain more physicians in the state. She said the report had not been in opposition to new medical schools. It had addressed expanding residencies as a first approach, and had acknowledged the economic benefit of medical schools. She said

the resolution included a number of action steps, including capturing additional state revenues to support the continued operation of these medical education programs and their ancillary needs. Finally, the resolution stated that future program requests would be considered in the context and be consistent with the Board's Strategic Plan.

Ms. McDevitt moved the resolution, as follows. Ms. Duncan seconded the resolution. Mrs. Roberts asked Dr. LeMon to read the introductory "Whereas" clauses, and Dr. Krista Mooney to read the action steps.

Resolution
With Regard to the Future of Medical Education in Florida

WHEREAS, the Board of Governors finds that Florida's future healthcare service needs are a joint responsibility among multiple stakeholders including hospitals, other healthcare providing institutions, academic accrediting bodies, Florida's postsecondary institutions and, critically, the Florida Legislature; and

WHEREAS, the Board of Governors recognizes that virtually all potential actions to expand medical education have significant cost implications, the funding for which would need to be approved and provided by the Florida Legislature and, further, that any program leading to a degree offered as a credential for a license under Florida Law must be approved by the Florida Legislature pursuant to 1004.03(3), Florida Statutes; and

WHEREAS, the Board finds that there is a shortage of physicians in Florida, particularly in certain geographical areas; that Florida's historical reliance on a large importation of physicians from other parts of the United States and beyond is not in the best interests of the public for the long-term; that, left unattended, this shortage will not diminish; and that, accordingly, Florida, a growing and dynamic state, must be proactive in planning for the future healthcare needs of its citizens; and

WHEREAS, the Board finds that, historically and currently, access to medical education for fully qualified Floridians has been limited by the number of seats in Florida's existing medical schools; and

WHEREAS, the Board finds that the policy of the State with respect to medical education must be a comprehensive approach, including at least the elements contained in this resolution, in order to meet the healthcare needs of Floridians; and

WHEREAS, the Board finds, along with virtually all stakeholders, that creating more medical residencies is a first and immediate priority for Florida's healthcare system, and therefore urges the Florida Legislature to work with the Board, the existing medical schools, and all other appropriate bodies and constituents to increase and fund an appropriate number of additional high-quality residencies affiliated with those medical schools through existing or new programs in order to attract and retain more Florida medical school graduates; and

WHEREAS, the Board finds that institutions providing residency programs must be encouraged to periodically review their residency programs, making adjustments to ensure that residencies are in specialties that meet the needs of the population and that attract and retain new physicians; and

WHEREAS, in addition to the creation of high quality residencies, as a matter of policy the Board encourages the Legislature to consider providing funding for the existing Florida Health Service Corps and the Medical Education Reimbursement and Loan Repayment Program or by other means, to consider changes in law, as appropriate, that would incent Florida medical school graduates to practice in rural areas, and to provide changes to our liability system such that new physicians can afford insurance and be able to enter the practice of medicine with the highest levels of professionalism without the overlay of financial insecurity and which will encourage those physicians to remain in the state long term; and

WHEREAS, the Board supports and encourages cost-efficient plans for expanding current medical education programs in the State University System, subsequent to the Board's formal approval, and as a priority matter requests the Legislature to fully fund all current enrollments and future expanded enrollments; and

WHEREAS, the Board finds that, in addition to its findings set forth above, the two medical school proposals submitted by the University of Central Florida ("UCF") and Florida International University ("FIU") will create a source of high quality jobs in their respective regions; that they will serve as growth engines for cutting-edge life sciences research and businesses; that the quality of life can be improved for the general population and surrounding areas; and that the growth will generate significant increases in state and local taxes annually that will support infrastructure needs and still result in a payback of the state's investment by the 10th year while continuing to support the operation of the two medical programs as presented; and

WHEREAS, the Board encourages the Legislature to evaluate the sources of these increased taxes to optimize the capture and use of these revenues by the state as needed to support the continued operation of these medical education programs and their ancillary needs; and

WHEREAS, it is the finding of the Board of Governors after extensive deliberation, testimony, and consideration, that Florida International University has performed the requisite feasibility and need and demand studies; planning and cost projections; analysis of current capabilities and resources; receipt of significant private funding commitments and continued exploration of such future private commitments; developed alliances and partnerships with appropriate hospitals and other institutions for high quality residencies; and demonstrated return on investment in the form of regional economic development to warrant the Board's concurrence that this institution is positioned and stands ready to add to Florida's future medical education by implementing a high quality school of medicine; and

WHEREAS, it is the finding of the Board of Governors after extensive deliberation, testimony, and consideration, that the University of Central Florida has performed the requisite feasibility and need and demand studies; planning and cost projections; analysis of current capabilities and resources; receipt of significant private funding commitments and continued exploration of such future private commitments; developed alliances and partnerships with appropriate hospitals and other institutions for high quality residencies; and demonstrated return on investment in the form of regional economic development to warrant the Board's concurrence that this institution is positioned and stands ready to add to Florida's future medical education by implementing a high quality school of medicine; and

WHEREAS, the Board received advice and counsel from the Council for Education Policy, Research and Improvement's November 2004 "Medical Education Needs Analysis" (CEPRI Report) and considers it to be a cornerstone and blueprint for addressing Florida's future healthcare needs in a manner that is comprehensive, logical, action-oriented, collaborative, and expectant of tangible commitments on the parts of the Legislature, the Board of Governors, and the State University System.

NOW THEREFORE BE IT RESOLVED that the Board of Governors takes the following action:

1. The Board of Governors approves the comprehensive approach to medical education as set forth above and in the CEPRI Report.
2. The Board of Governors approves Florida International University's request for a medical school with the understanding that any program leading to a degree offered as a credential for a license under Florida Law must also be approved by the Florida Legislature pursuant to 1004.03(3), Florida Statutes.
3. The Board of Governors approves the University of Central Florida's request for a medical school with the understanding that any program leading to a degree offered as a credential for a license under Florida Law must also be approved by the Florida Legislature pursuant to 1004.03(3), Florida Statutes.
4. The Board of Governors will not seek funding with regard to the FIU and UCF medical education programs approved above during the 2006 Legislative Session, beyond any related matters already contained in its current 2006-07 Legislative Budget Request.
5. The Board of Governors has and will continue to seek full funding of the current unfunded medical school expanded enrollments at the existing medical schools within the State University System and state funding of additional residencies, as expeditiously as possible.
6. The Board of Governors directs staff to transmit to the Legislature a copy of this resolution, the CEPRI Report with a view toward its implementation, and the economic impact studies prepared by consultants for UCF and FIU, and requests that

the Legislature undertake an evaluation of the tax revenue to be generated by these medical schools in order to create new state revenue sources, if appropriate, to support the ongoing needs of these medical education programs, residencies, and expanded enrollments associated with all of the state's medical education programs.

7. The Board of Governors finds that it will not consider any future requests for medical schools, professional programs, or doctoral programs unless such requests are consistent with the Board of Governors' Strategic Plan, as it is modified from time to time, and are submitted in accordance with the Board's process for program approval.

Mrs. Roberts said she would recognize members for comments, and suggested amendments to the proposed resolution.

Mr. Temple said that in the early discussions of the Board's Strategic Plan, medical schools, per se, were not deemed a high priority for the Board. He noted that the broad program area in which medical schools were included, the Board had identified priorities in economic development, emerging technologies; medical science and healthcare. He said the Board had identified priorities for the state for nurses, engineers and teachers. He said that Mr. Dasburg, as Chairman of the Board's Strategic Planning Committee, had asked Dr. Zachariah and him to co-chair a subcommittee of that Committee and assess the state's needs for medical education. He said that together, they had asked CEPRI to do a medical education needs analysis, not for what was most cost-effective, and to review what other states were doing to address this need. He noted that the Board's consultant, Dr. Michael Whitcomb, had not said that Florida needed medical schools, and if so, only as a last resort. He had identified new residencies as a priority. Mr. Temple said the estimated costs for these two new schools were \$1 billion, maybe more.

Mr. Temple said the Board had been studying this issue for two years. The Board had been told that Florida, and the nation, would experience a shortage of doctors in the future. He noted that there was a long lead time between the start-up of a new medical school and new doctors practicing in the state. He said both universities had described the partnerships of their medical schools with local hospitals, and with teaching and residency programs, and that these would help fill the need for new doctors. He complimented both universities for the support of their communities. He said that as a real estate developer, he was aware of the strong economic impact of these new schools. He said the consultants had advised the Board that these new schools would help obtain other research dollars.

Mr. Temple said, however, that he was skeptical and would like to see certain conditions precedent. He wanted to express several concerns to the universities and to the Legislature. First, he said that the establishment of new medical schools would not reduce the universities' normal, reasonable budget requests, and that funding for the medical schools would be a separate funding item and would not take away from their current activities. Second, he commented on the Fixed Capital Outlay project list submitted to the Legislature. He noted that the Board's top priorities were engineering, nursing, and teaching, and yet, only a small amount of money was thus far in the budget for nursing. He suggested that the Board should recommend funding for its priorities

before spending \$1 billion for new medical schools. He noted that the FAU/UM partnership, which was funded last year, was not recommended for funding in the Governor's recommended budget; this should be funded, as well as expansion of the existing schools, before funding new schools. Third, he said the universities should document their agreements regarding residencies, as well as the commitments from their communities. He said he was also concerned about tort reform and the medical liability issue. He said there needed to be a more favorable environment for the doctors to practice. He said the Board needed to communicate this critical issue to lawmakers and help get doctors in state who would not leave the state to practice. Finally, he said the Board needed to be consistent, and communicate better that certain things should happen before spending \$500 million to \$1 billion.

Mrs. Roberts cautioned members that they did not control the budget, nor issues of tort reform. She said the Board also did not have the ability to impose restrictions on the Legislature.

Mr. Arrizurieta said he concurred with findings reported to the Board on the shortage of physicians, and the significant economic development benefits to be derived from these new medical schools. He said President Maidique's comments concerning indigent care realities, reflected a reality in Miami-Dade. He said one might argue that Florida did not have a world-class university system, nor a top-ranked medical school. He inquired of the Presidents, if the Board concurred in these medical schools, how the universities would not be diluting a world-class university system.

Dr. Hitt commented on the expanded presence of biomedical and life science possibilities. He said the medical schools would create a more vital environment statewide for medical education and medical research. He said these schools would not dilute support for medical education. He said they were more likely to raise the level of research statewide. They would also create more eminence for all the related programs, and lead to attracting more eminent medical scientists statewide. He said if you had the best, you were likely to attract more.

Dr. Maidique said that in his conversations with legislators, he had been reassured that any funding for these medical schools would be additional funding. He said the State University System needed an additional \$500 million statewide. He emphasized the enormous impact of these medical "engines," in three metropolitan areas in the state, as well as at UF and at FSU. He said the power brought to bear by all these areas and institutions working together would be tremendous in getting funding statewide.

Mr. Edwards remembered that he had heard the same arguments with the establishment of FGCU, that it would hurt the other universities in the System. He said the state needed an FGCU. President Genshaft said that there had been some negative impact on USF from the addition of FGCU, but she noted that the Board's resolution addressed the needs of all the universities.

President Bryant said she had not been around when FGCU was established, but as good stewards of the University System, the Board needed to know the source of

any additional funds. She said she wanted to be clear that these were additional funds being requested and that the resolution was not recommending taking funds away from existing students at the other universities.

Mrs. Roberts noted that several members of the Legislature were in the audience, including Representatives Dean Cannon, Anitere Flores, Dick Kravitz, and David Rivera. She said Board members were lobbying all of them for full funding of the Board's budget.

Dr. Barrett said he supported the codicils of the resolution. He commented that two years ago, the Legislature had reduced the General Revenue funding to the medical schools at UF, USF, FSU and per capita at UM, by a total of \$20 million for one year. He said this cut has continued. The Board needs to assure that this base funding be restored.

Ms. Duncan thanked all the universities who had met with her to discuss her questions regarding these proposals. She said there was a need for a statewide strategic plan for medical education; the economic development consultants had explained how the surrounding communities could successfully leverage the medical schools. She said she had an expectation of cooperation and dialogue among all the institutions to assure the economic development was working. She said the Board also needed to establish measures of success, so all these expectations of economic development would stay on track. She applauded all those from Orlando and Miami who had stepped forward in support of these proposals, and said she hoped they would step forward to support the Board on other important issues, e.g., tort reform, malpractice reform. She suggested that action item 5. needed to address the FAU partnership. In addition, she said the proposed action should address not just the unfunded and underfunded medical school enrollment, but also support for the expansion of existing medical schools and facilities. Ms. McDevitt concurred and suggested the statement be revised to read, as follows: "The Board of Governors has and will continue to seek, and will request that the Legislature provide, full funding of the current unfunded medical school expanded enrollments and related needed facilities at the existing medical schools within the State University System and the FAU/UM medical partnership and state funding of additional residencies, as expeditiously as possible." Mr. Perez seconded the motion.

Mr. Edwards said this was likely the most important decision to be made by this Board and for the citizens of Florida. All that he had read spoke about a shortage of doctors now and in the future. He said they could all argue about the dollar projections, but it was clear that these schools had a significant economic impact. He noted that Florida had a high percentage of citizens who were old, that percentage would only increase with the passage of time. He said he had been a long-time follower of higher education in Florida, and he could say that Florida was always "behind the curve" on many issues. He noted a tendency to react after something had occurred. He said these proposals presented a tremendous opportunity for Florida and the world in medical education. He added that the new schools could take advantage of the strengths already in place at the established medical schools at UF and USF. He said these schools would present opportunities for centers of excellence to study AIDS,

Avian Flu, and many other research areas. He said these medical schools provided an opportunity to benefit the quality of life for all Florida's citizens. He said this was an opportunity this Board could not afford to miss. Rather than being reactive to a problem, this was a chance for Florida to be ahead of the curve and have a world-class medical system in the state with world-class medical schools. He said he supported the resolution.

Dr. Desai said he wanted to put his remarks in a historical context. As Chair of CEPRI, he had received a letter from Mrs. Roberts on March 29, 2004, asking CEPRI "to define the parameters of a model to be used to quantify the adequacy of the State's physician workforce; project the extent to which a physician shortage exists and to develop cost/benefit estimates of various alternatives to produce the required number of additional physicians including, but not limited to: expanding the capacity of existing medical schools, creating new medical schools, expanding or creating new residency programs and other incentive programs to attract physicians to Florida." He said this letter had not put any emphasis on economic development as a primary objective, but rather a determination of a physician shortage done with a cost/benefit analysis. The CEPRI report was presented to this Board in November 2004; in January 2005, he said he was appointed as a member of this Board. Since then, he had heard many fine presentations.

He said in developing policy for future healthcare needs and using tax dollars, it was important to look for the most prudent and judicious and effective resource allocation to achieve that objective. He said there might be a preponderance of evidence to suggest a physician shortage, but he was not sure there was clear and convincing evidence to support a physician shortage. He said in the past, the Council of Graduate Medical Education (CGME) had anticipated a surplus of physicians in the 1990's, which had never materialized. He said he was now skeptical of CGME's prediction of a national shortage of physicians. He said the CEPRI report had identified the quickest route to additional physicians through recruiting and retaining qualified residency-trained physicians to the state. He said the maldistribution of doctors in rural areas was not a problem unique to Florida. CEPRI had also suggested debt forgiveness to new doctors, affordable medical liability insurance and some type of income guarantees as expedient ways to address this problem. He commented that there were not enough residency opportunities, especially in high demand specialties, and that federal funding for Graduate Medical Education had diminished since 1997. He said the Board had heard in numerous reports, that there was a high correlation between residency location and practice location. He said he was concerned that Florida taxpayers would be paying for medical graduates to practice elsewhere. He said that for quality residencies, there was no prerequisite that a hospital have an affiliation with a medical school, although certainly such an affiliation enhanced the residency program.

He said after additional residencies, CEPRI had found the next most cost-effective approach to be full funding of the current medical school slots. He said he would support the expansion of the current medical schools and the funding of partnerships. He said he could agree that new medical schools would provide benefits to their communities, because of the heightened prestige and the research dollars

connected with a medical school. The CEPRI report had found that of all the options, establishing a new medical school was the most expensive. He inquired of Ms. McDevitt whether the resolution proposed a step-by-step approach regarding residencies.

Ms. McDevitt acknowledged that the most expeditious way to address the physician shortage immediately was additional residencies that could be expanded by the current medical schools. She clarified that her proposed resolution did not suggest a time line during which to phase in all the parts of the resolution.

Dr. Desai said the information provided indicated that the General Revenue needed to build and grow these new medical schools was \$500 million over the first 12 years, and then \$20 million annually for operational costs. He said all of these issues should be considered as the Board made this decision. He said he was confident the Board would make the right decision.

Dr. Zachariah commented that CEPRI had recommended new medical schools as the last option. He said the proposed resolution was a long list of actions with no timeline and no priorities. He said he was convinced that only the new medical schools would be implemented, and that none of the other recommendations would be enacted. He said he had practiced medicine in Florida for 30 years, and had served on the Board of Medicine for eight years, and that he had never before heard of a shortage of physicians. He said, in his view, the shortage was born when the proposals for new medical schools were introduced. He noted that the Board's consultant had advised the Board that in the number of M.D.'s per 100,000 population, Florida was at the national average, and including D.O.'s, probably better than the national average. He commented that the citizens of Florida wanted this Board to consider the best interests of the State University System, not as economic development engines. He said it was clear to him that spending a lot of money on any project would have an economic impact.

Dr. Zachariah said he was not convinced there was a shortage of physicians generally; he agreed that there were shortages in some specialties and in some communities. He said this was a problem nationally. He said the CEPRI Report had recommended more residency programs. He said since the submission of the proposals from FIU and UCF, the debate had been one-sided. UF, USF, and FSU have been silent. He said the President of the Florida Medical Association had advised the Board at the February Workshop that what was needed to address a doctor shortage, following the CEPRI Report, were additional residencies and tort reform. He said he continued to be concerned about the \$500 million pricetag for these new medical schools, and that Florida taxpayers would be asked to foot the bill for medical students who would leave the state to practice elsewhere. He said that at present, 40 percent of medical graduates remained in Florida, so out of an estimated 240 new medical graduates in seven or eight years, about 100 would stay in the state. He said he continued to believe that there were better uses for this huge amount of money, such as providing better education for undergraduate students. He noted that the resolution had no timeframe for action and no timelines.

Ms. Pappas said she was concerned about the focus on economic development; the focus should rather be on quality education for students. Quality education throughout the educational system should drive quality economic benefits. She said economic benefits should be one factor to be considered, not the main factor. She said she would recommend that the resolution not pinpoint the ten-year payback, as it would be the Legislature making these spending decisions. She also expressed concern that the statement on the funding allocation ensure that legislators are partners with the Board to protect the holistic budget for the System. With respect to any program of this magnitude, she suggested that there might need to be accountability measures which could be tracked. This would provide a means by which the Board would be accountable as to these decisions and these dollars.

She offered several specific amendments to the resolution, as follows. 1) In the third "Whereas" clause, page 2, end the clause with the words "support infrastructure needs" and delete all the rest of the sentence. 2) In numbered paragraph 6, page 3, add at the end, after "programs" the following: "and such other appropriate actions as may ensure that annual State University System funding allocation from the Legislature for other educational programs and priorities will not be adversely affected by the substantial funding toward medical education." 3) Add new numbered paragraph 7, "The Board of Governors directs staff to develop, in conjunction with the University of Central Florida and Florida International University, a program of accountability measures addressing expenditures, expanded physician workforce, graduate medical students and direct and indirect economic development outcomes, to be approved and continually evaluated by the Board of Governors." 4) Renumber paragraph 7 to paragraph 8. Members of the Board concurred with the amendments.

Mr. Temple said he still wanted President Hitt and President Maidique to be accountable for their proposals as to commitments on residencies and community support. Dr. Maidique assured the Board that this Board and his University Board of Trustees held him accountable. Dr. Hitt said the letters of support and the financial pledges to UCF were a part of his proposal. Mr. David Parker, Chair, FIU Board of Trustees, committed that his Board was totally accountable for the FIU proposal. Mr. Tom Yochum, Vice Chair, UCF Board of Trustees, said that their hospital partners were committed to the residencies addressed in the proposal.

Dr. LeMon said during his 18-year career with this Board and the Board of Regents, he had worked with three Presidents at UCF and FIU. During that time, he had reviewed over 75 new degree programs at these two universities. He said both these institutions were anxious to test the mettle of their programs. He said there were two kinds of accountability. The first was institutional accountability, the institution establishing a set of expectations and measures for a degree program. The measures included tracking the money, tracking the students, tracking the facilities and tracking the graduates. The second was the accreditation process and the expectations and measures imposed from outside the university. The universities had external partners involved. President Maidique said that he had guided the institution through 100 accreditation reviews and had not failed one of them.

Commissioner Winn inquired about the statements in the resolution calling for legislative approval of programs leading to a degree offered as a credential for a license under Florida law. He inquired about the legislative approval process and how this related to the Board's control of the universities. Mrs. Roberts responded that the Board was in a partnership with the Legislature; this Board approved the program; the Legislature provided the funding. Dr. LeMon said the statute requires legislative approval of programs that require licensure. This ensures that there will be collaboration of the Legislature with the governing body in discussions of "big ticket" programs. He noted that the statutes were sprinkled with numerous specific program approvals. Commissioner Winn asked what legislative approval entailed. Dr. LeMon said that the program would be specifically enumerated in statute; this approval was not at all similar to this Board's requirements in program approval. Mrs. Roberts added that this provision would not affect Board action. Ms. McDevitt suggested that the phrasing, numbered paragraphs 2. and 3. be simplified to "...and will seek legislative approval as required by 1004.03(3), Florida Statutes." Members concurred.

Commissioner Winn said if the proposals before the Board were to approve two new medical schools as the most efficient way to address the physician shortage, he was not convinced. He said he was not sure that the two programs, so linked, were the correct approach. He said the Board had heard alternative proposals that a fair number of people felt were the better way to address the need. As a matter of pure political pragmatism, however, he said he recognized that none of the alternatives would happen. He noted that the state was also going to experience a serious teacher shortage, which he had addressed often, and that need had not generated the same energy or the intense focus for a solution created for these new programs. He said the universities had presented private partnerships, generated incredible support and enthusiasm, and an outpouring of resources in such a manner that approval was the only solution finally presented to the Board. He said he would worry about the price to be paid for this result.

Mr. Perez expressed his thanks to Ms. McDevitt for her comprehensive resolution and to his Board colleagues for their thoughtful comments. He said he was proud of the Board taking action to address a crisis. He said there were certain things they knew, i.e., the doctor shortage, that Florida was soon to be the third largest state in the nation, and that the population in Florida of seniors and indigents was growing. He said this solution was about getting ahead of a problem. He said the economic studies had been done and even the worst case numbers showed a \$2.8 billion a year economic impact across the universities. He said by the tenth year, the revenue would come back through additional General Revenue to fund the universities and other universities in the State University System. He said he viewed this not as an expenditure, but as an investment of the state's resources to achieve an ultimate return. He said he had never before seen a community come together so supportive of one issue or with such passion. He said it was time to take action. He said he was fully in support of the resolution.

Dr. Marshall inquired about paragraph 7. of the resolution about consideration of future requests. Ms. McDevitt said that these proposals had come prior to the existence of the Board of Governors, and then, the adoption of its Strategic Plan. She said since

the adoption of the Strategic Plan, the Board has regularly indicated that program requests should be consistent with that Strategic Plan.

Dr. Peláez said that she was in full support of the resolution. She said access to medical education and to serve the underserved was very important. She said that while economic impact was important, she was also interested in the economic impact of funding for the new schools and for expanding the current schools. She said she wanted to be sure that expansion would address the shortage of physicians in the underserved populations. She suggested that the sixth and seventh "Whereas" provisions on page 1. should be amended by adding "...including access to those from underserved areas."

Mr. Goldberg said he was extremely honored, as the student member of the Board, to be able to vote on something so monumental as the creation of new medical schools in the state. He said he was pleased that more students would now be able to attend medical school in state. He said this would allow the graduates of these schools to practice in Florida. This was the right thing to do for students in Florida. He said he supported the resolution.

Mr. Martin said he had attended his first Board meeting last month. He said he was convinced that if the Board did not move forward on these proposals, private medical schools might go forward. He said public institutions provided an affordable opportunity for medical school. He said this was also an important factor to be considered. He commended the universities for their excellent presentations. He said he could attest to the potential economic impact from a medical school in the region. He said he had lived in Birmingham, Alabama, and had watched the growth of the life science cluster around the medical school at the University of Alabama-Birmingham. He said the public/private partnerships the presidents had described would be important to the ultimate success of these programs. He noted that these new schools would benefit the citizens of Florida through better health care and better science. He said while he was relatively new to the discussion, it was clear that this resolution reflected the will of the Board and its intention to train health care practitioners and to provide a quality standard of care for Florida's citizens.

Dr. Desai remarked that as the Board looked at this comprehensive solution with a significant number of components, there were a number of components over which the Board had no authority for implementation. He inquired how the Board could achieve and implement all the component parts of the resolution. Mrs. Roberts said the implementation of all the strategies within the resolution would become the responsibility of the Board's committees, i.e., accountability issues to the Performance and Accountability Committee, facilities issues to the Facilities Committee.

Dr. Desai noted that the recommendations dealing with the expansion of residencies and providing incentives to practice in rural areas of the state were areas over which the Board had no authority. Ms. McDevitt responded that every discussion she had had on this topic with Legislators, she had raised a myriad of issues for their consideration. The issues included how to produce more doctors more quickly, funding of residencies, full funding of the existing medical schools, liability for those beginning

medical practice, having in place incentives with regard to underserved populations and geographic areas, and funding existing incentive programs. She said that all these issues needed to remain a part of the Board's legislative agenda, as all of them were important to the success of these new medical schools. Dr. Desai said all of these issues were important.

Dr. Zachariah inquired of the visiting legislators if the Board supported this resolution, whether they would commit to support all the Board's priorities. Representative Rivera said he had the utmost respect for this Board and its deliberative process, and said the Legislature would support every priority of this Board. He said it was the job of the Legislature to support this Board's role. Representative Cannon said the commitment of the Legislature was to follow this Board's Constitutional role as it articulated the priorities for the state. He said he would support the Board in the appropriations process. Dr. Zachariah commented that with these commitments, he would be supportive of the proposals.

Ms. Parker said she had heard a great deal about the economic impact of these new programs. She said her concern was the economic impact on the whole communities. She asked the presidents to make a commitment that the entire community would participate and benefit from the advantages of these new schools. She said she wanted everybody to participate as decisions were made.

Ms. McDevitt thanked all the Board members for their constructive comments, all of which were appropriate. She emphasized that it was important for the Board to stress to Legislators that these medical education programs were to address medical education and healthcare needs in Florida and should not be funded at the expense of the University System's basic mission, nor at the expense of funding the Board's request for fully funding enrollment growth and access to the universities for all students. She said she was very disappointed with the budgets thus far released by both houses of the Legislature. She noted that no funding was provided for the Board's critical needs nor for the targeted degree programs, except at the graduate level in nursing. She said they had not funded the Board's request for basic technology needs. She said the resolution presented a comprehensive approach, including funding for the existing medical schools and partnerships, not simply the approval of two new medical schools.

There were no further comments. Mr. Edwards called the question on the resolution. Mrs. Roberts noted that members had amended the resolution with their comments, and she said it was the sense of the Board to authorize staff to make the additions and to edit the resolution for grammatical accuracy and clarity. She requested the Corporate Secretary to poll the members. The resolution passed, as amended, 15 in favor, and one, Dr. Marshall, opposed.

11. Adjournment

Having no further business, the Chair adjourned the regular meeting of the Florida Board of Governors at 5:15 p.m., March 23, 2006.

Carolyn K. Roberts,
Chair

Mary-Anne Bestebreurtje,
Corporate Secretary