



Florida International University

Office of the President

March 1, 2006

Dr. Krista Mooney
Florida Board of Governors
325 West Gaines Street
Suite 1614
Tallahassee, FL 32399

2006 MAR -2 AM 11:34

Dear Dr. Mooney,

Florida International University has retained Tripp Umbach to conduct a comprehensive economic impact study of the proposed School of Medicine on the State of Florida and South Florida.

Tripp Umbach is the leading provider of economic impact analysis for academic health centers in the nation. The firm has performed more than 100 economic impact studies for academic institutions and large health care systems, including the Mayo Clinic Rochester, The Cleveland Clinic, University of Florida, University of Arizona College of Medicine, Milton S. Hershey Penn State University Medical Center, University of Pittsburgh, University of Pennsylvania, Michigan State University and the Ohio State University Medical Center and recently started its third national study of all 125 medical schools and 450 teaching hospitals affiliates for the Association of American Medical Colleges.

The study calculates both direct and indirect impact numbers for the Florida International University School of Medicine in specific benchmark years (2008, 2010, 2015 and 2025). Much of the data included in Tripp Umbach's model is based on actual historical information from similar sized medical schools.

The methodology used for the study is the same methodology used for the economic impact study of medical colleges and teaching hospital members of the Association of American Medical Colleges. The model includes a "fresh-dollar" approach (funds from out-of-state sources) feeding into a traditional model which tracks the flow of funds through the Florida economy (in-state spending). The report only shows new dollars brought to the state economy and new jobs created that are directly related to the activities of the proposed School of Medicine at Florida International University, as opposed to the total jobs and impact dollars created in the entire sector during the time period analyzed.

In addition, the report quantifies the potential range of impact of research commercialization in the State of Florida resulting from the interaction of the biotechnology research and business community and the proposed School of Medicine at Florida International University. The

economic projections for research commercialization were calculated under two different business scenarios: conservative and aggressive.

In terms of research, Florida International University ranked 3rd among the State's public Universities in total 2004 NIH (National Institute of Health) Extramural Awards. Only the universities with established medical schools (University of Florida and the University of South Florida) garner more NIH sponsored research than Florida International University.

The table below summarizes the economic impact for the State of the proposed School of Medicine for all benchmark years (2008, 2010, 2015 and 2025). The total impact is the sum of the economic impact of the School of Medicine's operations, physicians who remain to practice in Florida, and research commercialization:

Aggressive Scenario				
Economic Impacts (in millions)	2008	2010	2015	2025
Total Impact (in millions)	\$58	\$110	\$708	\$1,489
Total Jobs (jobs)	447	1,188	8,208	14,905
Total Taxes (in millions)	\$2	\$4	\$24	\$78
Conservative Scenario				
Economic Impacts (in millions)	2008	2010	2015	2025
Total Impact (in millions)	\$58	\$110	\$488	\$1,160
Total Jobs (jobs)	447	1,188	6,599	12,491
Total Taxes (in millions)	\$2	\$4	\$19	\$62

The Florida International University School of Medicine will generate significant tax revenue for the State of Florida. Under the aggressive scenario by 2015, the State of Florida will receive \$24 million in total state taxes as a result of the medical school's operations, research commercialization and physicians who remain to practice in Florida; more than one dollar in State tax revenue for every dollar invested by the State in that same year. By 2025, the State of Florida will receive \$78 million in total state taxes, more than three times the amount the State is expected to invest in the School of Medicine that year.

Based on a likely escalation factor from the benchmark years analyzed in the study, under the conservative scenario the cumulative economic impact of the Medical School in a 10 year period (2008-2018) has been estimated to be \$4.3 billion.

Tripp Umbach, the most knowledgeable and experienced firm in economic impact analysis in the academic health sector, is confident that this study presents a fair estimate of real economic, employment and government revenue to be realized by the State of Florida.

If you have questions concerning the economic impact study, please contact Provost Ronald Berkman at 305-348-2151.

Sincerely,



Modesto A. Maidique
President