

# Leaders

A Newsletter for Florida School Board Members

## SBA rebuilding investment pool

**W**ith a new fund manager possibly on the way, the Local Government Investment Pool is slowly making its comeback bid.

In addition to a strong recommendation to hire Federated Investor Services to manage both Fund A and Fund B, the Florida State Board of Administration also recently loosened withdrawal options.

After the pool crisis originally surfaced last November and there was a run on the pool, the SBA, which oversees the fund, halted withdrawals for a brief period, then issued guidelines that limited governments from drawing out more than 15% of their investments. The SBA also split the pool into two funds. Fund A holds the safer, more conservative investments. Fund B now holds the riskier ones, including investments with companies that had been issuing subprime mortgages.

In mid-January, SBA issued new rules: "While the current Pool A liquidity rule is the greater of \$2 million or 15% of the account balance on Dec. 5, 2007, the new liquidity rule would effectively be the greater of \$4 million or 37% of the account balance, making more than \$2.5 billion in additional liquidity available to investors," the SBA announced. "By the end of April, we expect to have provided a total of roughly \$4.7 billion in new liquidity from both Pool A and Pool B. This should be very good news for LGIP investors," SBA Interim Executive Director Robert Milligan commented.

Jeannie Garner, director of financial services for the Florida League of Cities and chair of the LGIP Advisory Committee, said more liquidity will likely become possible in March.

The SBA is currently seeking a full-time executive director. Mr. Milligan is serving in that capacity until a new director is found.

"The goal is to have a new executive director in place by June," she added.

### In this edition. . .

- 2 Day in the Legislature coming**
- 3 Sportsmanship support sought**
- 4 Adequate funding critical**

### Future LGIP Advisory Committee Meetings

*March 14*

Orange County Administration Center  
County Commission Chambers  
201 South Rosalind Avenue, Orlando

*April 14*

City of Hollywood City Commission Chamber  
Room 219, 2600 Hollywood Boulevard  
(off of I-95 Exit 20), Hollywood

*May 21*

Hyatt Regency Jacksonville Riverfront  
City Terrace 12, 225 East Coast Line Drive  
Jacksonville

The best news for LGIP investors, said Ms. Garner, is that Federated Investor Services will likely be hired to replace Black Rock, the investment firm hired after last year's runs began. Black Rock was charging 39 basis points for Fund B and 7 for Fund A. Federated will charge three basis points, said Ms. Garner.

"I sat on the interview panel when that decision was made," she said. "Federated went in and took over the Texas Local Government Investment Pool back in the 90s when they had a run on the fund so they know what it takes," she added. She said one of the key priorities is to improve communications between the fund and its investors. "That's really where the SBA failed was in communications. There was no communications process whatsoever. That's when everybody got spooked."

She said three LGIP Advisory Committee meetings have been scheduled over the next couple of months (see sidebar for dates).

"I think if they continue with these meetings and let participants be part of this process," things will slowly come around. "It's just going to take some time. The (investment pool) still serves a good purpose. We just have to have the volume," she added. "I would hate to see everything kind of split up."

One of the key issues, that would require legislative action, is whether the state would guarantee the LGIP.

"We're going to try to get the state backing, but we'll have to put a number on what that means, and the liability of Fund B (the riskier investments)," said Ms. Garner.

# Leadership Calling

## Meet your legislators in April

**F** SBA's 21st annual Day in the Legislature will be held April 9-10 at the DoubleTree Hotel in Tallahassee. A board of directors meeting will follow on April 11.

The Legislature will have been in session a month by the time school board members convene in the state Capitol, so there are likely to be plenty of issues to discuss with your senator and representative.

To get you started in that direction, there will be a briefing session on April 9 from 11 a.m. to 4 p.m. led by Beverly Gallagher, Broward County School Board and chair of FSBA's Legislative Committee and Patty Hightower, Escambia County School Board and the committee's vice chair. Speakers will include Dr. Wayne Blanton, FSBA executive director, and Ruth Haseman Melton, FSBA's director of legislative relations.

District legislative liaisons have also been invited to participate.

FSBA's reception will follow that evening at 5:30 p.m.

The association's president, Jeanne Dozier, Lee County School Board, will host members for a breakfast meeting April 10 from 8 a.m. to 9:30 a.m. Legislative leaders have been invited to speak about some of the key issues affecting public schools.

Following these two sessions, Day in the Legislature participants should have plenty of information to share with their senators and representatives as the rest of the day has been set aside to visit them or to attend committee meetings. There will also be an FSBA reception at the Governor's Club that evening from 6 to 7 p.m.

Register early with FSBA, then plan to be in Tallahassee for those two days. Board members can earn a maximum seven points in the Certified Board Member program for attending this session.

To ensure successful meetings with your legislative delegation, it is important that you contact them as soon as possible for appointments.

## Important election dates

**S**chool board members up for re-election this year need to qualify between noon, June 16 and noon June 20.

The Primary Election will be held Aug. 26 and the General Election, Nov. 4.



## Upcoming Events

- |                              |  |
|------------------------------|--|
| <b>March 4</b>               | Florida Legislature convenes for 60-day session              |
| <b>March 29-<br/>April 1</b> | NSBA Annual Conference<br>Orlando                            |
| <b>April 9-10</b>            | FSBA Day in the Legislature<br>Doubletree Hotel, Tallahassee |
| <b>May 2</b>                 | Florida Legislature adjourns                                 |
| <b>June 11-13</b>            | FSBA/FADSS Spring Conference<br>Grand Hyatt Tampa Bay        |



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# Voters approve property tax reform

**D**espite opposition from most cities, counties and school districts, Amendment 1 to Florida's Constitution, which reforms the state's property tax structure, had the backing of a very popular politician, Gov. Charlie Crist. The amendment easily met the 60% threshold for constitutional amendment passage.

The amendment doubles the homestead exemption (but school taxes, which make up 40% of a tax bill, are excluded), and allows homeowners to transfer up to \$500,000 of the Save Our Homes benefit (also known as portability) if they move. It also creates a \$25,000 exemption on tangible property and caps increases on non-homesteaded properties' taxable value.

"It is a significant victory for Governor Crist," said FSBA Executive Director Wayne Blanton. "We intend to work closely with the Governor and the

Legislature to continue to assure adequate funding for education in the State of Florida."

Pembroke Pines Mayor Frank Ortis, president of the Florida League of Cities, another staunch opponent of the amendment, speaking on behalf of school boards, cities and counties, commented: "Local governments and school boards welcome the decision of the people and will work hard to implement this amendment while preserving the fabric of our communities. With the passage of this amendment, it is important that the finger-pointing now end and state and local governments work together for the benefit of all Floridians."

Prior to the Jan. 29 vote, organizations representing the three groups had issued a joint statement supporting "solutions that improve equity and fairness for all tax payers," but opposing "any caps on local government rev-

enues as well as any changes to Florida's tax structure that could erode the existing tax base."

In that same joint statement, the groups supported amending the constitution to prevent the state from "continually passing down their financial responsibilities to local governments. Unfunded mandates from Tallahassee account for more than \$1 billion annually of local government budgets. These mandates are required under law and must be funded before critical and necessary services. Therefore, as the state is trying to dictate the way local governments raise revenue, they are also mandating their expenses. This erosion of home rule through Amendment 1 and unfunded mandates is moving local decisions to Tallahassee rather than keeping them in the hands of our local communities, neighborhoods and schools," the statement concluded.

## Florida Education Foundation support sought for sportsmanship program

**F**SBAs, the Florida High School Athletic Association, superintendents and an Alabama company are seeking some assistance from the Florida Education Foundation in their attempts to get sportsmanship programs into every school in Florida.

Last June, FSBA's directors adopted a suggested resolution that school boards can use. It says that each school principal "should ensure that those individuals connected with his/her school adhere to the high standards set forth by the Florida High School Athletic Association..."

The resolution goes on to say that "each coach in all sports will exercise control over every individual student athlete to ensure fair play, respect and graciousness in winning or losing."

It proposed that at the beginning of each school year, each high school principal should "meet with the school's student leaders, coaches and sports notables to convey the values of sportsmanship and good conduct."

Brian Shulman, Learning Through Sports, which is helping the organizations develop sportsmanship training that can be easily implemented in Florida's schools, told the foundation directors that his company's STAR

(Stop, Think, Act, Replay) program works and attributed bad sportsmanship to "four root causes: Society is different with non-stop media coverage; the win at all costs mentality; parents; and no education in this (sportsmanship) area."

He said 67% of children quit playing at age 13 "because it wasn't fun

anymore."

The directors agreed to further study the groups' sportsmanship initiative, indicating they were impressed with the need for such a program.

"Winning is important, but it's not everything," FSBA Executive Director Wayne Blanton told the foundation directors.



*From right, Wayne Blanton, FSBA executive director; Brian Shulman, Learning Through Sports; John Stewart, commissioner, Florida High School Athletic Association; and John Wiegman, associate executive director, Florida Association of District School Superintendents, review the sportsmanship information they presented to the Florida Education Foundation in January.*

# From the Executive Director

By WAYNE BLANTON



WAYNE BLANTON

## School funding critical with amendment approval

**I**t's going to be a busy, busy, busy legislative session. Our first priority, as with any edition of the Legislature, is funding. This year, it's more critical for two reasons: State revenues are down, and exacerbating the problem, at least for public schools, was the passage of Amendment 1 that could cut deeply into property tax revenues.

With the passage of that amendment (see Page 3), the big question now is: Where do we go from here?

As I indicated after the amendment vote, our first priority is to work closely with Gov. Charlie Crist and the Legislature on school funding.

The governor has already issued his proposed 2008-09 budget totaling \$70 billion, which is \$870 million below the current budget. But you can add that decline to the \$1 billion the Legislature slashed in special session last year when it became obvious that state revenues weren't going to come in as anticipated. So we're already starting out this year nearly \$2 billion behind where we were at the close of the 2007 legislative session.

And it's not getting any better. In fact, in light of continuing state revenue shortfalls, the governor is using \$1.1 billion from state Reserves, \$600 million from lottery and gambling proceeds, and \$300 million in base budget reductions to fund his new proposal.

As most of you know, Gov. Crist released the education portion of his budget early—before the property tax reform vote—in an effort to show voters that schools wouldn't lose money if that constitutional amendment were to pass.

In short, the governor is promising a \$1 billion increase for K-12 that includes an increase in per student funding of \$394; \$467 million for various teacher bonuses; \$100 million for middle school physical education; \$847 million for class size reduction (\$533 million operating, \$314 million capital); and \$139 million as "hold harmless" funding for the first year impacts of the property tax package.

Many legislators weren't happy with the governor's proposed education budget because it appears it relies heavily on local property taxes. That's why I consider it a smoke and mirrors document.

Now with the property tax amendment part of Florida's constitution—although there still remains the possibility of a legal challenge, particularly on the portability section—will Gov. Crist's recommendations remain the same? Only the Legislature knows the answer, since that body is the

one that must produce and vote upon the budget.

However, it is important to note that it looks like the governor funds the education increases, at least in part, by moving funding for the student transportation and instructional materials categoricals into the FEFP formula.

This is why it's critical we closely monitor legislative actions on the proposed 2008-09 budget. Not only do we need to know how much schools will get next year, but we must know where that "new" money is coming from. Robbing Peter to pay Paul—shifting money around so it looks like we're getting an increase—is not the answer.

If 2008-09 funding were our only concern, that would be plenty to keep us occupied. But there is much more ahead. Here are some other issues we might be seeing this session:

- ✓ Accountability for charter schools.

- ✓ Virtual schools, which could lead to more long-distance learning courses.

- ✓ Possibly more changes to the growth management Act.

- ✓ A new ethics law for reporting of teacher misconduct (not allowing an employee to resign if he or she would have otherwise been fired), will also be considered this year.

Another area we are monitoring regards actions of the Florida Taxation and Budget Reform Commission. This body, which meets every 20 years to review Florida's tax structure, has the authority to place on the November ballot constitutional amendment proposals. One may be a requirement that legislators review the millions of dollars in sales tax exemptions. Eliminating some of them could mean more state revenue.

You can keep up with this important commission's activities at [www.floridatbr.org](http://www.floridatbr.org).

Finally, don't forget that this is an election year which means every state representative and 20 senators and some school board members are up for re-election. Due to term limits, we're always guaranteed some new faces. For you school board members who have to run this year, we've included the important qualifying dates on Page 2.

*Dr. Blanton is executive director of the Florida School Boards Association.*

