

Leaders

A Newsletter for Florida School Board Members

Education funding continues to be a problem for public schools

Public schools over the next few months will more than likely experience a double budget hit. First, school districts are being asked to cut even more from their current Fiscal Year budgets. Statewide, those cuts will probably total \$265 million. And things are only going to get worse for the 2008-2009 year. Initial proposals are for an \$800 million reduction.

"This (2008-09 Fiscal Year) is going to be one of the worst budget years, not just for schools but for everyone, that we've seen in many, many years," commented FSBA Executive Director Wayne Blanton.

Part of the problem is that revenue collections from sales and property taxes continue to come in below what had been forecast, "and this trend is expected to continue into 2009," added Dr. Blanton.

Passage of the property tax reform amendment didn't help even though legislative leaders promised public schools would be held harmless. "While I'm sure they're going to do their best, it's going to be difficult to achieve given the current revenue projections," said Dr. Blanton.

Legislators are expected to trim another \$1 billion from this year's budget with about \$265 million coming from K-12, most of that, \$224 million, from reductions in the FEFP and categoricals. The rest is likely to come from the Excellent Teaching Program, Education Innovation, Mentoring Education Partnerships and School and Instructional Enhancements.

This represents an overall reduction of 1.18% from the first round of budget cuts lawmakers undertook during a special session last October but still provides a slight increase over 2006-2007 funding. Total reductions since the 2007-08 budget passed last year will stand at nearly \$2 billion.

For 2008-2009, the state's base budget will be reduced at least by the \$2 billion that has been cut this year with further reductions likely once new revenue estimates come in this month. Current estimates are that public schools will probably see about an \$800 million shortfall.

FSBA has been working closely with the House and Senate Appropriations leadership and staff to offer advice on where funding reductions might occur.

In a memo from FSBA to legislative leadership, including Sen. Steve Wise, chair, Education Pre-K - 12 Appropriations Committee and Rep. Joe Pickens, chair, Schools & Learning Council, the association laid out some "recommen-

dations and strategies" that the lawmakers should consider.

One of the key suggestions, something school districts have been advocating for quite a while, is for legislators to waive statutory, proviso, and/or implementing language to allow districts "total flexibility over use of all appropriated funds – including lottery, FEFP, categorical, and 2-mill funds – to meet revenue shortfalls so long as school districts continue to meet student and fiscal accountability requirements."

FSBA also recommends that the Legislature eliminate...

- ◆ Or reduce from \$10 to \$5, the distribution of lottery funds to school advisory councils;
- ◆ Bonus awards provided through the School Recognition Program;
- ◆ The Merit Award Program or limit it to fund only those programs that have been fully approved and implemented;
- ◆ The penalty that redirects dollars from operating to capital accounts for any district that fails to meet class size reduction goals.

Other recommendations include:

- ◆ Delaying the implementation of the next phase of class size reduction compliance to the individual classroom level, a key legislative priority for FSBA this year;
- ◆ Placing a moratorium on the establishment of new programs or expansion of existing programs. This would include a moratorium on the expansion of physical education requirements on the elementary level and incentives to expand physical education options on the secondary level.

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Leadership Calling

FSBA to stand out at Day in Legislature

In an effort to identify Florida school board members, FSBA President Jeanne Dozier, Lee County School Board, and FSBA Advocacy Committee Chair Ana Rivas Logan, Miami-Dade County School Board, have obtained FSBA insignia lapel patches for the membership to wear when visiting legislators in Tallahassee during FSBA's Day in the Legislature April 9-10.

Purpose of these patches is to identify FSBA members and present a united front. It is being requested that everyone bring a blue or red blazer/jacket to Tallahassee on which the patches may be worn. It is not the intention to permanently affix the patches, as they will be used again during future Day in the Legislature visits.

FSBA's 21st annual Day in the Legislature will be held at the DoubleTree Hotel.

A briefing session on critical education issues facing the Legislature is scheduled for April 9 with FSBA's reception following that evening at 5:30 p.m.

Ms. Dozier 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. Day in the Legislature participants will then have the rest of the day to visit their legislators. There will also be an FSBA reception at the Governor's Club that evening from 6 to 7 p.m.

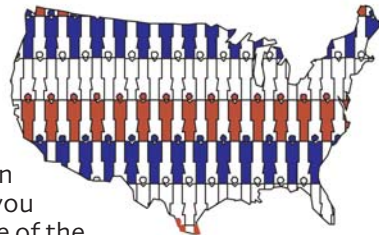
Those planning to attend should make appointments in advance to see their legislative delegation.

Important election dates

Last year, legislation was enacted that changes the time frame for elections in Florida that shifted the dates for qualifying and for the primary election about two weeks earlier than prior years. If you are seeking reelection this fall, take careful note of the election dates provided here to ensure that you meet the required deadlines.

School 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.



Florida schools climb in national rankings

Florida ranked 14th among the 50 states and the District of Columbia, in *Education Week's* recently released Quality Counts report. That's a significant jump for Florida's schools, which were ranked 31st the preceding year.

Quality Counts uses a variety of data to measure states in six areas of performance and policy: chance-for-success; K-12 achievement; standards, assessments, and accountability; transitions and alignment; the teaching profession; and school finance. Florida ranked very high in some areas, such as school accountability, but poorly in others, such as school spending. The state's overall grade was C+, compared to the national average of C.

In another performance area, Florida has, for the second year in a row, moved up in national rankings in the number of students who take and pass at least one Advanced Placement test, according to a national report from the College Board. Florida is now ranked fourth in the nation on this indicator with more than one-fifth of its 2007 public high school graduates passing an Advanced Placement (AP) exam. Florida had the second greatest increase in the total number of public school students earning a passing score on an AP exam when compared to all other states from 2006 to 2007. In addition, Florida leads all states in the number of African-American and Hispanic students passing AP exams.



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More reforms ahead as TBRC readies its proposals

The Taxation and Budget Reform Commission, which has been meeting since last year, is in the process of narrowing down some of the 50 proposals that have already been submitted. Some call for legislative action, which means they would only become law if the Legislature adopts them. Others will head straight to November's general election ballot as a constitutional amendment proposal. No legislative approval is required.

Some obviously will affect schools, including one granting districts flexibility in complying with the class size re-

quirement. Other proposals regard vouchers, one of which has already been defeated, which bodes well for the rest of the voucher recommendations.

Another would require lawmakers to examine every sales tax exemption, possibly eliminating some, which would increase state revenues.

One, which FSBA fought a couple years ago, would require that 65% of school funding received by school districts be spent on classroom instruction. The Legislature would define classroom instruction and administration. Another proposal would require

that per student funding from the General Revenue Fund must be at least equal to the national average. It would also require that lottery and gambling revenues be used to supplement General Revenue funds.

FSBA seeks class size flexibility

Other than funding, a top legislative priority for FSBA and other public school groups, is to tweak class size compliance measures to give school districts more flexibility in meeting those requirements.

FSBA and the Florida Association of District School Superintendents have developed a proposal that would allow school districts to implement a "flexibility exception." This would kick in when a district is faced with unexpected enrollment at the district or school level and the school board determines that strict compliance with class size requirements is either not practical or would be educationally unsound and disruptive to students.

Under this exception, class size caps could not be exceeded by more than five students. The exception would expire at the end of the school year. In addition, FSBA would also like to eliminate that portion of the law that applies dollar sanctions against districts not in compliance with class size. That involves siphoning a district's operating dollars into its capital fund.



Senator Wise receives FSBA legislator award

FSBA Executive Director Wayne Blanton, right, presents the association's Legislator of the Year Award, to Sen. Steve Wise, R-Jacksonville, chairman of the Senate's PreK-12 Education Appropriations Committee. Senator Wise was instrumental in helping schools receive the 6.85% funding increase in the 2007-2008 budget year. He was one of four recipients of the award. The others included: Rep. Joe Pickens, R-Palatka; Sen. Don Gaetz, R-Niceville; and Rep. Will Kendrick, R-Carrabelle.

Rudy Crew named national superintendent of year

Dr. Rudy Crew, Miami-Dade school superintendent, has been chosen the 2008 National Superintendent of the Year, the first time ever a Florida superintendent has achieved this recognition.

His selection was announced during the recent National Conference on Education sponsored by the American Association of School Administrators (AASA).

"This is a tremendous honor for Dr. Crew and all of Florida," said William J. Montford, III, CEO of the Florida Association of District School Superintendents.

"Rudy Crew is a fine example of excellence in leadership. He works hard to make his school district a leader in all areas of operation. This award is a fitting tribute to his dedication, hard work and quality service to public education."

Dr. Crew was selected from state superintendents of the year from all fifty states. He was named Florida's Superintendent of the Year at last fall's FSBA/FADSS conference.



Rudy Crew

From the President

By JEANNE DOZIER

School boards should be in Tallahassee April 9-10!



Jeanne Dozier

As we head into Florida's legislative session, some of us got a good head start last month, but on federal issues, not state. Still, we were able to meet with our Congressional representatives or their staffs to emphasize our education-related concerns. This is what I hope many more of you will do next month during FSBA's Day in the Legislature.

As you'll note elsewhere in this issue, Florida education is facing one of its worst funding years yet. I'm not crying wolf here. We are truly in a financial pinch. Not only will most of us have to cut our current budgets, we'll probably be facing further cuts in the 2008-09 budget. That's why it's important for as many of you as possible to get to Tallahassee April 9-10 to visit with your legislators during our Day in the Legislature. FSBA's staff will be sure to arm you with as much information as you need—talking points—so you can present K-12 education's argument to your representatives and senators.

We've also prepared insignia lapel patches that we hope all members will wear so that we'll be easily recognized. That's why we're asking everyone who attends to bring with them a blue or red blazer on which to affix the patches. These patches will be easily removable as it is our intention to reuse them each year.

While I'm on FSBA issues, Wayne Blanton (FSBA's executive director) and I have already begun planning for the annual FSBA/FADSS (Florida Association of District School Superintendents) Spring Conference scheduled for June 11-13 at the Grand Hyatt Tampa Bay. I hope all your calendars are marked and that everyone is planning to attend.

As I indicated, NSBA's Leadership Conference followed by the Federal Relations Network in Washington, D.C. were great introductions to the legislative arena.

The Leadership Conference, held Feb. 1-3 featured some outstanding presentations, including:

- Public Education in the First Decade of the 21st Century: Where we are and where we need to go, which explored what the American education agenda should be while considering the realities facing public schools today.

- Getting the Message Out: Building support for schools through the community and the media, which attempted to show state association leaders how to effectively promote the value of public schools and the important role of school boards.

- Learning 24/7: Critical supports our students need to succeed, which examined the factors that contribute to student success in today's complex society.

- A report on the state-of-the-art in school board research, which looked at recent studies about governance.

- Building 21st Century Skills for All Students examined how state associations can support its boards in making sure their schools are 21st century centers of excellence. Those of you at last spring's FSBA conference who heard my inauguration address will remember that this was one of my key issues—that more schools need to make better use of technology. Out of that came our technology honors competition. Our first round of those awards went to a small, medium, and large school district at our fall conference in early December. We'll be presenting our second round of awards at our Spring 2008 conference. I hope many of you are planning to enter this competition.

While the NSBA Leadership Conference was chock full of good take-home information, another highlight that really sticks in my mind was the performance of a student jazz band from T.C. Williams High School, Alexandria, Va. It was so wonderful that you would have thought you were listening to professional musicians.

On the heels of the Leadership Conference came the Federal Relations Network Conference Feb. 3-5. Here, we were briefed on some of the key issues facing Congress, including teacher quality, Washington, D.C.'s school voucher program, higher education and school construction.

New board members received a crash course on No Child Left Behind. Some of the other seminar sessions dealt with federal funding and the Medicaid reimbursement crisis, updates on NCLB reauthorization, how to be a better lobbyist for education, student growth and school accountability, and emerging future issues, such as preschool, teacher compensation, national standards, extra learning time and green schools. Of course, one day was set aside for us to meet with our congressional delegation.

Which brings me right back to those two days next month when it's imperative that you make it to Tallahassee to meet your legislators. Please plan to be there April 9-10. We need your support.

Ms. Dozier, a member of the Lee County School Board, is FSBA's 2007-2008 President.

Upcoming Events

March 29-April 1	NSBA Annual Conference Orlando
April 9-10	FSBA Day in the Legislature Doubletree Hotel, Tallahassee
May 2	Legislature Ajourns
June 11-13	FSBA/FADSS Spring Conference Grand Hyatt Tampa Bay

Special Report

A Model Plan to help school districts cope with new 403b regulations from IRS

With IRS rules regarding 403b tax sheltered retirement accounts set to take effect next year, four Florida education groups have taken steps to help school districts comply with the new regulations.

Last year, the IRS established new rules to hold school boards and other public employers more accountable for the operation of the 403b plans offered to their employees. After Jan. 1, 2009, 403b contributions can be made only to companies that have been authorized by the school board and that meet the new IRS requirements. There are currently some 130,000 active 403b accounts in Florida K-12 today.

A Section 403b plan is a type of retirement plan for employees of tax-exempt organizations, including public schools. It also covers pre-tax contributions withheld from an employee's paycheck and deposited directly into the plan or employers who make direct contributions on behalf of their employees.

The Florida School Boards Association, the Florida Association of District School Superintendents, the Florida Association of School Administrators and the Florida Education Association (representing teachers) created the nonprofit Independent Benefits Council (IBC) to develop a 403b Model Plan that it could recommend to school districts. A secondary purpose of the IBC was to utilize the statewide purchasing power to negotiate the best possible pricing for school district employees. FSBA Executive Director Wayne Blanton is IBC chair.

"Come next Jan. 1, it will not be business as usual for the districts," commented Bill Montford, FADSS CEO. "The new IRS rules completely change the rules of engagement in the 403b arena."

"Educators and the school districts themselves are often times overwhelmed by the number of investment plans they have available to them and may not necessarily have the time or resources to discern which offer the best value," said Dr. Blanton. "The new IRS regulations present a golden opportunity for school districts to approach investments with a simpler, more cost-effective process that offers the highest quality investment plans."

The IBC's "Model Plan" that school districts can utilize to both comply with the new IRS regulations as well as help their employees get a better return on their investments, will "provide the first significant statewide reduction in pricing since 403bs were established 50 years ago," commented FEA Secretary/Treasurer Clara Cook during a press teleconference announcing the plan.

IBC spokesperson Tom Herndon, former executive director of the Florida State Board of Administration, believes that, thanks to IBC's plan, more dollars will be available, "perhaps billions more in Florida, alone, when they retire."

IBC brought in Gallagher Benefit Services, Boca Raton, and TSA Consulting Group, which provides independent compliance administration and educational services to 60 Florida school districts, to help IBC put together the plan. The organization then solicited bids from more than 90 companies with these principles in mind:

The companies had to:

- ✓ Certify that the plan proposed for the IBC is the best it currently offers in any Florida K-12 district.
- ✓ Offer favorable rates to all districts, regardless of size.
- ✓ Automatically upgrade plans when newer, more enhanced products became available.
- ✓ Ensure that its representatives will sell only the product bid for the Model Plan (no bait and switch).
- ✓ Provide a detailed plan to convert its existing contracts to the Model Plan, thereby creating immediate benefits for their current participants.
- ✓ Reduce its fees to all adopting school districts as statewide assets under the Model Plan grow.
- ✓ Guarantee rates for three years.

The IBC finally settled on three "service platforms" and five companies, deemed 'Best in Class' on these particular products and they've all agreed, in writing, to the above commitments:

Annuities (full service, moderately priced)—AIG Retirement (VALIC) and AXA-Equitable Life Insurance Co.

Multi-product custodial accounts (mid-level service, less costly)—PlanMember Investment Group.

Mutual funds (low/no service, less costly)—American Century Investments and Waddell & Reed.

All these companies have also agreed to pay the school board \$12 per participant per year to offset additional administrative expenses associated with the new IRS rules.

Historically, said Mr. Herndon, school system employees across the U.S. have paid higher-than-average fees than any other sector of the marketplace to the companies that manage their tax-deferred investments. "This is the first time in the nation that a plan as comprehensive and resourceful will be offered to educators," he added.

On average, said Mr. Herndon, over a 30-year career, an employee investing under the Model Plan can expect

his or her investment account to accumulate one-third more assets from the Model Plan than existing contracts.

All four organizations which make up the IBC are currently in the process of notifying their members about the IBC, the Model Plan, and the programs available under the plan.

In other words, the decision to adopt the Model Plan is up to each individual school district, said Dr. Blanton. "In some instances, a district may believe it needs to add one or more companies to the Model Plan," he added. "Every effort should be made (by the district) to require that any companies they add. . .meet the higher standards—and fee reductions—agreed to by the companies selected by IBC."

"The Model Plan is a win/win situation for everyone involved," added Mr. Montford.

Additional facts about Model Plan

What happens to those who have an existing investment account with a company not authorized by the school board?

- These individuals may leave their funds in their accounts, but they may not make new contributions to them after Jan. 1, 2009.
- Teachers and education staff professionals who have existing accounts with companies not school board-authorized may choose to transfer their assets to one of the authorized companies; however, this decision should be made only after carefully considering the impact of any surrender fees or termination charges, based on their existing contract terms.

What options do school boards have?

- They must adopt new procedures regarding 403b plans.
- Approved provider companies must comply with the new IRS regulations.

- Each school district may adopt the IBC Model Plan or develop its own slate of "authorized" provider companies.

- A school district may adopt the Model Plan if it feels it needs to add one or more companies to the authorized list. In that case, it has the right to do so. In that event, every effort should be made to require that any companies added to the Model Plan meet the higher standards—and fee reductions—agreed to by the companies selected by IBC to participate in the Model Plan.

- Dollars invested in 403b accounts are not school board funds. They are retirement investments made by employees themselves.

- With school funding projected to be very tight for the foreseeable future, adoption of the Model Plan may be the best opportunity to put money in teachers and education staff professionals members' pockets, and it won't cost taxpayers, or the districts, a penny.