



Patriots vs. Ravens  
6:30 p.m., CBS

Falcons vs. 49ers  
3 p.m., FOX



# LIVING A LEGACY

Carey Gleason's all about guarding her family heritage



BREVARD'S TOP TEACHER FINALISTS >> 8B

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BUSINESS



## ALL ABOUT INK

Viera High grad, 20, opens tattoo parlor in an unexpected place. **Page 1D**

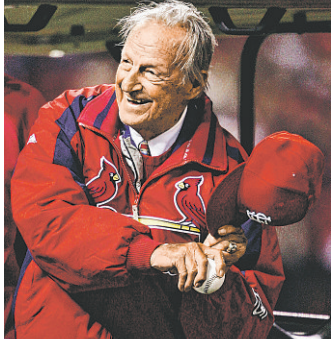
SPACE COAST



## LEADER HONORED

Coach, educator and politician Dick Blake now has a park named after him. **Page 1B**

SPORTS



## MUSIAL, 92, DIES

Stan Musial was a Hall of Famer and with St. Louis for more than two decades. **Page 1C**

NATION



## GUN FANS RALLY

Hundreds speak out against proposed restrictions on firearms. **Page 2A**



## SCHOOL FUNDING CRISIS

Ingredients for Brevard's school funding crunch have been gathering for 10 years. Now comes the...

# DAY OF RECKONING



Heritage High opened in Palm Bay in 2009. TIM SHORT/FLORIDA TODAY FILE

By Mackenzie Ryan  
FLORIDA TODAY

It has grown to be the perfect Florida storm. An ambitious and expensive school construction plan followed by a substantial cut in tax revenue. A busted housing boom and lingering financial crisis. Mass layoffs from the space shuttle program and a decline in student enrollment. For five years, Brevard public school leaders tried — and somewhat succeeded

— to hold back the onslaught. They carved out efficiencies and found nickle-and-dime savings. They slowed capital projects, delaying buying new buses and replacing school roofs. They laid off employees and restructured operations. Nearly \$62 million has been chopped from the budget since 2008, mostly away from the classroom and out of parent view. Still, the storm pounded. A last-ditch effort this fall to pass a sales tax and pump \$32 million a year into

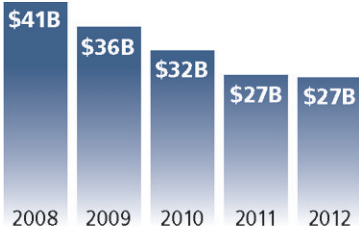
the district's budget failed. Now the storm, in the form of \$30.7 million in cuts, is bearing down on Brevard Public Schools. And it makes landfall Tuesday. That's when school board members plan a vote on closing four schools, the first in a series of high-stakes decisions that Space Coast students could feel for years. More than 400 jobs and programs, like busing to choice schools, are suddenly vulnerable.

See SCHOOLS, Page 10A

## WHY ARE \$30 MILLION IN CUTS AND CLOSING FOUR SCHOOLS ON THE TABLE?



**SCHOOL CONSTRUCTION BOOM**  
District borrowed \$643 million, most between 2004 and 2008. Annual payments: currently \$38.4 million.



**ECONOMIC BUST HALTS SPENDING**  
As housing prices drop, tax revenue and state funding falls. The tax roll falls from 2008 peak of \$41 billion to \$27 billion last year.

**\$62 MILLION**

**CUTS MADE AWAY FROM CLASSROOMS**  
Starting in 2008, Brevard made annual cuts totaling \$62 million. A "critical needs" property tax also helped ease the pain.



**STATE CHANGES LIMIT REVENUE**  
Not wanting to raise taxes in a recession, lawmakers redirect property taxes away from facilities and toward day-to-day costs.

## DEAR MR. PRESIDENT

Brevard residents tell President Obama what they expect from him this next four years in videos you can see on your tablet, smartphone or computer. Watch and share your own views. [floridatoday.com](http://floridatoday.com)



## INSIDE

That America's first black president is kicking off a 2nd term on MLK Day is not lost on local leaders who say both men inspired their work with young men. **PAGE 7A**

**INAUGURATION PREVIEW, PAGE 6A**

**TODAY'S DEAL** DealChicken.com  
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Ted Stedman, theater manager for the Cocoa Beach Jr./Sr. High Performing Arts building, sets up for a talent show at the school. MALCOLM DENEMARK/FLORIDA TODAY

## Schools

Continued from Page 1A

Simply told, those cuts will allow school officials to start paying for capital expenses put off since the downturn, using money normally directed at teacher salaries and school programs.

But how the school district got here, and why the brunt of the budget crisis is hitting now, is a more complex story to tell.

Just as housing prices peaked in 2005, the Brevard School Board approved a comprehensive project list for building renovations and additions and the construction of seven new schools.

Student numbers had grown steadily during the past decade, with 800 to 1,300 new students arriving every year as families moved to the area. More classrooms also were needed to maintain smaller class sizes, now mandated by state law after voters added it to Florida's constitution.

At one point, more than 30 portable classrooms were stationed behind Palm Bay High. The need for repairs at existing schools, many built during the 1960s, kept growing. At a nearby elementary school, brown water flowed into the bathrooms because of rusty pipes.

Brevard Public Schools needed more schools, and its current schools needed updates. The question was how to pay for it.

After failed attempts years earlier to increase tax revenue for capital projects through a sales tax, then a property tax, elected officials decided to take a different route — one that didn't require voter approval. It was seen as the only choice. The last successful voter referendum, for a school building bond, was in 1963.

The board opted for a borrowing mechanism known as Certificates of Participation. Ten different times — the bulk between 2004 and 2008 — they borrowed money to help pay for what's known as the seven-year facilities plan. The ambitious effort called for renovating each of the district's 82 schools and building seven new ones.

"There's no way we could have maintained the facilities and built the schools we had to build if we hadn't taken out the debt," said Amy Kneessy, elected to the school board in 2004. "I still don't think we were making mistakes, because where else would we put the students?"

In total, nearly \$643 million in principal was borrowed. Property taxes, impact fees and state money also paid for the effort, but costs were mounting.

Florida was still rebuilding from four storms at the time, draining labor supplies and increasing costs. In addition, a massive dam under construction in China consumed the global supply of certain construction materials, upping prices.

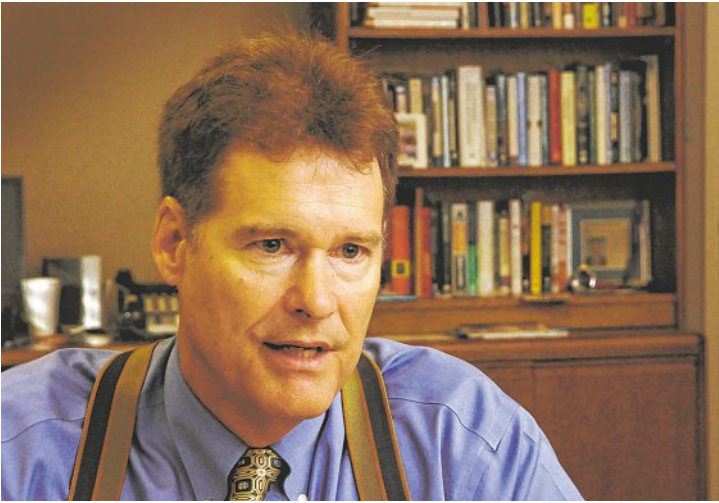
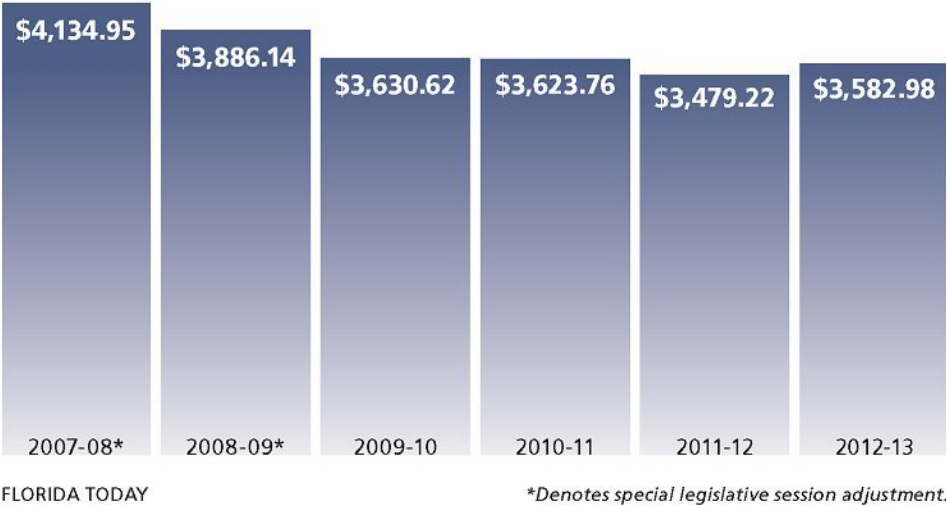
In some instances, project expenses doubled. Construction and renovation projects at Titusville High, for example, were originally budgeted at \$22 million and later revised to \$43 million.

The effort was not without controversy: Some multi-million dollar projects came to be seen by some as luxuries, such as new football stadiums and performing arts centers. As prices skyrocketed, two school board members started voicing concern, and votes approving more borrowing passed narrowly on the five-member board.

"I feel it's very important to wave a red flag of caution," said Larry Hughes, a former board member, at a 2006 meeting. "I think we need to be honest with ourselves and with our community

## FUNDING STILL FALLING

Florida per-student base funding, as set by state lawmakers:



about the debt we're taking on."

The sticker shock didn't derail the school district's leader at the time, former Superintendent Richard DiPatri. Property taxes — the main funding source — were only expected to go up. A Brevard schools estimate in 2006 expected \$50 million more in tax revenue by 2012.

Key community leaders also were on board. In a 2006 editorial, FLORIDA TODAY advocated for forging ahead despite the growing price tag. School board members had pledged to keep debt levels at a self-imposed ceiling, below state maximums, and escalating costs were seen as a "fact of life."

Then the bubble burst. Looking back, school finance leaders stress that the debt was entered into responsibly and conservatively. No balloon payments or adjustable interest rates were used. Instead, leaders chose long-term rates that ranged from 3.6 to 5 percent, with about one-tenth at the 5 percent rate.

"Find for me any professional individual that thought we were going to drop by 40 percent," said Judy Preston, Brevard's associate superintendent of finance, of when the bubble burst. "Find me any financial analyst of any of the Fortune 500 companies that thought that was going to happen."

Mike Slotkin, an economics professor in Florida Tech's College of Business, agreed. Most people suspected the bubble would come to an end at some point, but nobody knew when.

More important, he said it's very difficult to be the naysayer, to buck the positive momentum and decide to scale back.

"What we went through was so aberrational, you can't play Monday morning quarterback," Slotkin said. "The bigger story is: How do you recalibrate the revenue base so you're actually collecting enough revenue to fund what you need to fund?"

When housing prices started falling,

so did tax revenue. And that put leaders in a tough position. The only alternative to raising taxes: cut expenses.

### After the bubble burst

Today, Brevard's tax roll remains lower than the pre-school construction level in 2005.

As the financial crisis swept the nation in 2008, local property taxes nosedived. From a peak of \$41 billion in 2008, the tax roll fell to \$27 billion last year, according to the Brevard Property Appraiser's Office.

Compounding the issue was a redirection of local property taxes away from the school district's capital budget, which makes the debt payments — about \$38 million a year — and pays for things like building maintenance and school buses. State lawmakers made the switch to fund day-to-day expenses.

"The legislature didn't want to raise taxes" during the recession, said Mark Eggers, the Florida Department of Education's bureau chief for school business services.

Federal stimulus dollars also helped plug some holes — but in the operating budget, not for capital projects. Debt payments didn't go away, and neither did the need to repair school buildings. Only about half of the intended projects were complete.

In an example that relates it to a household budget, Superintendent Brian Binggeli has likened the school district's capital budget to a \$50,000 salary dropping, over four years, to \$18,000. "Might you be in a place where all you can do, the best you can do, is pay your home mortgage and car payment?" he said this fall.

In the midst of the recession also came a change in school district leadership. DiPatri had announced his retirement in 2008. Binggeli, previously an area superintendent in Virginia, was hired in 2009. The new schools chief took the reins on the heels of the single-largest decline in student enrollment in

### IF YOU GO

**What:** Brevard School Board will vote on the proposed closure of four schools  
**When:** 5:30 p.m. Tuesday  
**Where:** Education Services Facility, Viera

two decades. The school district cut \$27 million in 2008 and \$9 million the year Binggeli arrived, and more cutbacks were on the horizon. Layoffs began to hit Kennedy Space Center as the shuttle program wound down.

Changes in leadership often bring different approaches, said John Hilston, an economics professor at Brevard Community College. Individuals naturally have varying comfort levels when it comes to budgeting, spending and forecasting future revenue.

That was true for Brevard. Binggeli's first move was to go job-by-job and expense-by-expense through district costs, asking each department to put together information so detailed it included the percentage of time employees spent on different tasks. In 2010-11, operations were restructured and \$17.5 million cut; 116 employees were laid off.

With each year came subsequent cuts and cost-savings: \$1.8 million last year, \$6.7 million this year. Throughout, Binggeli said he worked to protect the classroom. The nickle-and-dime approach, as some have called it, kept at bay the more drastic cuts being made by other Florida school districts.

There was other help. A "critical needs" quarter mill property tax, which brought in \$8.9 million for the operating fund, limited the extent of cuts. It expires in June. And unspent, borrowed money from the boom years pushed off reductions as district leaders spent it down. It will be gone in two years.

"If we hadn't had gotten this, we wouldn't have any green right now," Preston said. "That's what we're living off. ... We're able to just barely pay our debt and that's it."

Binggeli believes more cuts are needed now in order to make the budget sustainable. For example, Brevard typically replaced 34 of its 409 school buses each year, a cycle that meant every bus was replaced every 12 years. But during the past four years, the district has only purchased 30 buses, a 55-year replacement cycle.

"You can either responsibly budget \$3.5 to \$4 million every year (for school buses), or you cannot do that and use it on other things," he said. "Eventually someone will be faced with the choice of unsafe school buses or immense expenditures to bring the fleet up to date."

The \$32 million half-cent sales tax was the proposed solution, but it failed. Money would have paid for school facilities, buses and computers. When voters struck it down in November, the only alternative Binggeli saw was budget cuts. Those large purchases still need to be made; repairs are needed.

Later, if a tax passes in 2014 or property values increase, people and programs can be added back. But for now, Binggeli said he sees \$30.7 million in cuts — including closing four schools and cutting 400 jobs — as the only way to shore up Brevard's budget.

"There will be a reckoning day," Binggeli said. "It's really easy, and I think irresponsible, to say the reckoning day will happen on someone else's watch, so I won't worry about it. That's not leadership."

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