

Recommendations of Project INVEST Task Force



March 2007

Project

INVEST

Investing in students through efficient business strategies



A collaboration between the Alliance for World Class Education and the Duval County Public Schools



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Duval County Public Schools



ACKNOWLEDGEMENTS

This report presents significant findings and recommendations for improved efficiency and effectiveness that are a result of collaboration between the Alliance for World Class Education and the Duval County Public Schools.

We are grateful for the time, input and feedback of external experts convened by the Alliance for World Class Education. The members of this group are: Walt Bussells (co-chairman); Jay Alligood; Michael Gleason; John Kennett; Eddie Ponce; and John Stagliano. In addition, we thank the following Jacksonville businesses for their willingness to donate their executives to this project: Blue Cross Blue Shield of Florida; Shands Jacksonville; Bank of America; and Coach.

We also want to recognize and thank the DCPS staff who invested many hours and much expertise in this project. The staff members are: Thresa Giles (co-chairman); Stephen Bright; Lisa Chason; Mike Hethington; Cyndi Hill; Karen McCrea; Tina McGowens; and Carolyn Parker. We applaud Superintendent Wise's willingness to explore these areas in Business Services and commitment to fully implement the recommendations.

Finally, we are appreciative of the Alliance for World Class Education Board of Directors, and especially Preston Haskell, who are dedicated to improving the business of education by providing strategic, intellectual and financial assistance in specific areas of need.

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Project INVEST Task Force

Members of the Project INVEST Task Force were volunteer finance experts from the business community, senior level employees from the Duval County Public Schools and staff from the Alliance for World Class Education. The work over the last seven months was performed in a collaborative environment where information, concepts and thoughts were exchanged to produce the recommendations contained in this report. Approximately 500 volunteer hours worth more than \$100,000 were donated by both the corporate executives and their companies during 38 meetings. In addition, the DCPS staff worked many hours to develop the implementation plans.

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Please see **Appendix H** for the task force members' resumes

Executive Summary

Focused on the Business of Education

The Alliance for World Class Education is founded on the belief that a high-quality public education system is fundamental to Jacksonville's future. Committed to playing a key role in strengthening that important resource, the Alliance unites the ideal with the real, combining the bedrock belief that all children deserve a quality public education with the practical knowledge gained through experiences in the world of business.

The Alliance is a nonprofit organization comprised of community business leaders who are passionate about the long-term value of K-12 public education. With this commitment comes a uniquely strategic view of what the Alliance can and cannot do effectively and a strict discipline to remain focused. The Alliance is a powerful resource that brings skills not otherwise available from other organizations to the complicated issue of improving public education.

The History

The Alliance has a relatively long history of working with the Duval County Public Schools to improve organization and processes within the administrative, or non-academic, side of the district's administration. Specifically, it has sought to utilize the talents of the private sector, on a volunteer basis, in enhancing efficiency, improving productivity, and reducing expense – making more dollars available in the classroom.

Beginning in 2000, at the Superintendent's request, the Alliance formed a search advisory task force to assist in the selection of a Chief Information Officer. Subsequent search advisory panels assisted with recruitment of the Treasurer and Chief Financial Officer, and Assistant Superintendent for Facilities.

A major project focusing on the overall organizational effectiveness of the district administration was undertaken in early 2002. Known as the Management Assessment Project (MAP), its goal was to provide the Superintendent and the Board with comprehensive recommendations to help the central administration become more efficient, cost-effective and supportive of the success of all schools. A report entitled *The 3RS for the Duval County Public Schools: Reengineering, Realignment, and Restructuring* was issued in September 2002 with 147 recommendations.

The Superintendent's first priority following receipt of the MAP recommendations was a thorough assessment and reorganization of the district's human resources division. An Alliance task force of human resources executives from the community spent six months exploring issues, developing recommendations, and assisting in an implementation process which changed the culture, processes and resources of that division.

Utilizing the same model, the Task Force on Principals' Compensation was formed in 2005, comprised of experts in the compensation and benefits field, to recommend differential, performance-based compensation for principals. Its recommendations were unanimously approved by the Duval County School Board in February 2006 and implemented July 1, 2006.

Project INVEST Charge

Building upon this successful model, the Alliance formed the Project INVEST Task Force in mid-2006 in response to a request from Superintendent Joseph Wise. Members of the task force included subject matter experts recruited from the business community and senior level staff of the Duval County Public Schools. They were charged with identifying and reporting cost saving changes in payroll and accounts payable administrative functions for the school system, which, when implemented, would generate at least \$6 million annually in recurring cost savings or additional revenues that would be invested in the students and teachers. In addition, some employees from the centralized back office functions would be redirected to the schools to provide direct support. The school system's investment policy and practices were also to be reviewed for beneficial changes.

The Task Force deliberately avoided recommending "leading edge" or "innovative" work methods that, while having the potential to produce even better results in efficiency and effectiveness than recommendations presented, were not broadly used, well proven industry practices. The following guiding principals for the Task Force recommendations were established before the work began.

- ☞ Each recommendation must represent business practices already in use by other large employers in Jacksonville and/or other public school systems in Florida, be well established and be well understood;
- ☞ Each recommendation must be expected to both produce recurring annual cost savings or additional revenues and reduce total staff hours required for the work; and, must be expected to produce recurring annual cost savings or additional revenues greater than the recommendation's implementation cost, i.e., a simple cost savings payback of 1 year or less is required;
- ☞ School system staff must determine all required resources and authorizations for recommendation implementation are within, or can be with School Board approval, their control;
- ☞ In order for change to be successful, early involvement and buy-in from those who will be responsible for the implementation will be essential.

The Work

Collectively, the work of the Task Force spanned seven months, including 38 meetings and more than 500 volunteer hours which equates to more than \$100,000 in donated time. In addition, the DCPS staff worked numerous hours to provide information, gather data and develop implementation plans for the recommendations. In order to provide sufficient oversight to the project and focus on the implementation of the recommendations, the Superintendent designated a senior staff member and the Alliance contracted with a retired principal to work with those directly involved in the change work. This new approach will also provide a template for future change work in other related areas.

The Task Force met together for the first few meetings to review materials and receive information about current practices from the DCPS senior staff. In order to be more effective and efficient in their work, the task force members were divided into two sub-groups of Accounts Payable/Payroll and Investments. The work of the sub-groups included review of staff positions, work processes, organizational structure and research

related to best practices and policies. In addition, the District's special legal, bond and investment counselors were brought in to provide information about investment and cash management practices in other large Florida school districts. The Chief Technology Officer was also involved in the process to determine the District's technological capability to implement the recommendations.

The Recommendations

The recommendations from the Task Force came after extensive discussion and exploration of the information. They are divided into three categories: Accounts Payable, Payroll and Investments. Each of the recommendations is accompanied by an implementation plan found in the Appendices. In addition, the Accounts Payable recommendations are divided into two tiers. Tier 1 recommendations will be implemented within the next year and provide greater cost savings to the District in a shorter time frame, while Tier 2 recommendations are more complex, require a longer implementation time frame, and additional resources and/or funding will be required.

The Accounts Payable Tier 1 recommendations consist of paying vendors through an electronic payment system rather than by paper checks or wire transfers and the significant expansion of a purchasing card program for employees. The Tier 2 recommendations include tackling the issues related to the textbook process, redesign of the printing and copier program and the phase 2 expansion of the use of purchasing cards.

The Payroll Tier 1 recommendations comprise the incorporation of a web-based application for employee payroll stubs and an electronic time and attendance process at the individual school sites. Tier 1 Investments recommendations embrace the creation of an Investment Governance Committee that will include both DCPS staff and representatives from the business community. In addition, a report will be created that will provide an accurate analysis of the District's portfolio performance. Additional recommendations include the utilization of Tax Anticipation Notes and the use of the Special Purpose Investment Account program sponsored by the state of Florida.

The Task Force shared the draft recommendations with the District's special legal, bond and investment counselors who determined that the recommendations do not conflict with any of the District's debt instruments related to its lease-purchase or general obligation program or any provisions of the State law governing the investment of funds of the District. In addition, the recommendations were reviewed by the Office of Program Policy Analysis and Government Accountability (OPPAGA) who stated that the "recommendations have the potential to help the district's efforts to reduce administrative costs and increase its efficiency and effectiveness." They also included comments and suggestions that will be taken into consideration by the DCPS staff in implementing the recommendations.

The Report

The Project INVEST report provides the recommendations in three sections: Accounts Payable, Payroll and Investments. Please note that the accompanying Appendices are logged within the recommendations. Following the recommendations, a change template document has been developed that describes the seven principles necessary for change work to be successful within the Duval County Public School System. The

Appendices follow and provide a detailed implementation plan for the Tier 1 recommendations.

All recommendations are designed to create better efficiencies and processes that will create cost savings, eliminate duplication, enable the redeployment of staff and resources to the schools and provide better services to the employees of the Duval County Public Schools. The Task Force is confident that this report will be the beginning of significant change work within DCPS that will be sustainable and ongoing.

Tier 1 Recommendation: Implementation of ePayables Solution

Overview

Recommendation	Implement an ePayables solution that will allow the District to pay vendors using an efficient, electronic payment system rather than traditional checks or wire transfers. This solution will generate revenue for the District through extended cash float and rebates on payments
Cost	\$1,000 direct cost, indirect resource cost for technology changes
Direct Benefit	Initial estimate is \$665,000 in revenue annually with growth potential as more vendors are enrolled
Indirect Benefit	Unique opportunity for the District to generate additional revenue

The Project INVEST Task Force recommends that the District take steps to reduce vendor payment costs by implementing an electronic payment process known as ePayables. This solution will allow the District to pay vendors using what is often termed a “virtual credit card” rather than by paper check or wire transfer. This not only eliminates administration costs and transaction processing fees, but also allows the District to earn cash float and rebates while still meeting the requirements of the Florida Prompt Payment Act.

Utilization of the “virtual credit card” extends cash float on funds. The District will also earn rebate revenue on the dollar value of payments made by “virtual credit card”. This rebate revenue and the additional interest earned from the float of funds are estimated to be approximately \$665,000 for the first year. That is equivalent to approximately 10 teaching positions.

The District’s banking partner offers an ePayables solution free of charge as part of the District’s negotiated contract. In addition, the bank will assume responsibility for negotiating with existing vendors for acceptance of the “virtual credit card.” New vendors to the District will be required to accept the “virtual credit card” as part of their entry to the system. Existing vendors, upon renewal, will also be required to accept the “virtual credit card” or Automated Clearing House (ACH) payments to continue doing business with the District.

The Task Force noted the success that Shands Jacksonville has enjoyed through the use of commission-based accounts payable independent auditors. The Task Force suggests that the DCPS staff consider issuing a Request for Proposal (RFP) for a commission-based auditing firm to audit the past few years of actual vendor payments. The auditing firm should be hired on the basis that the DCPS will only pay the firm any compensation if the firm recovers past overpayments to vendors.

Cost

There is little direct cost to the District for implementing the ePayables solution. There will be \$1,000 estimated for employee training and materials. The SAP system will require configuration changes, development, and testing of the new payment option. While this system change would cost approximately \$24,000 to outsource, our existing applications department has the capacity available to complete the work. Based on this

approach, the payback period for implementing ePayables is less than one month once Phase 3 roll-out is completed.

Benefit

- Creation of an additional revenue source for the District that is projected to be \$665,000 annually with high potential for growth

Assumptions

- The estimated benefit is based on interest earned on the extended float of funds and rebate from “virtual credit card” usage. Calculations were based on research identifying the number of current vendors that accept the “virtual credit card” and a volume totaling \$53.5 million from the previous year’s business transactions. Using a current federal funds rate of 5.25% based on a 22 day extended float and receiving a 0.92% rebate, the initial revenue estimate is \$665,000 annually upon completion of the Phase 3 roll-out. If any of these variables change it will have direct impact on the projected dollar value earned.

Risks

- There is the potential that vendors could increase their pricing in order to offset any costs they incur by accepting the “virtual credit card.” However, most vendors that currently accept credit card payments have already spread this cost across their pricing structure.

Implementation

Milestone	Scheduled Completion Date
Identify Potential List of Vendors for Initial Participation	January 5, 2007 (COMPLETED)
Negotiate Contract with Bank of America	March 9
Final report submitted	March 27
Configuration and Development	April 24
Testing	May 22
Employee Training	May 29
Begin Phase 1 Roll-Out	May 30
Communication to Existing Vendors	July 9
Begin Phase 2 Roll-Out	July 9
Begin Phase 3 Roll-Out	September 4, 2007

Please see **Appendix A** (AP Implementation Schedule) for the full plan to implement the ePayables solution.

Conclusion

Implementation of an ePayables solution is a positive opportunity for the District. Administrative departments throughout school systems are universally recognized as cost centers. This solution will allow the Accounts Payable team of the Duval County Public School System the opportunity to generate revenue to offset operating costs.

Tier 1 Recommendation: Implementation of P-Card Usage for Business Travel

Overview

Recommendation	Change District travel policy to require the use of P-cards to pay for traveling expenses of lodging, registration, airfare, and rental car
Cost	Nominal, additional SAP licenses to support new P-card users who do not currently have a license for another purpose
Direct Benefit	Approximately \$100,000 annually in cash float revenue, rebates earned and cost reductions
Indirect Benefit	Redeployment of approximately 1 full time equivalent (FTE) position in Accounts Payable, or approximately \$38,000 annually

The Project INVEST Task Force recommends that the District expand the usage of the existing P-card program for travel related expenses (excluding meals and miscellaneous expenses) for all employees who travel on District business. Process and policy changes will be made to ensure successful implementation of the recommendation.

Currently the District’s P-card program is handled by the Purchasing Department. The department issues an employee a District VISA card to be used for business related expenses upon request of a supervisor. The District collects an annual rebate based on expenditures throughout the year and reduces administrative costs required to generate checks to allow employees to pay travel expenses directly. The rebate percentage is based on a tier structure, up to 0.7%. As the dollar value of card expenditures increases, the rebate percentage will also increase.

The implementation directly benefits District employees, making business travel easier and more efficient by eliminating the use of checks issued for hotels, airfare, car rental, and registrations, as well as the wait time for reimbursement of personal funds used.

The direct cost for implementation of this solution will be limited to training of employees who travel on District business who have not been issued a P-card prior to this implementation. A business process exists for employees who receive a P-card but do not have an SAP license, so no additional SAP licenses will be required. The process designates an employee at each work location to handle all receipts and purchase validation.

The benefit of implementing this recommendation is multi-dimensional. It will increase the float of funds to approximately \$100,000 per month and provide an initial rebate estimate of \$5,200 per month or \$62,000 annually. Direct cost savings are estimated at \$4,000 per year in check printing and distribution costs. It will also result in the reallocation of approximately 1 FTE position in Accounts Payable with an estimated savings of \$38,000 in salary and benefits.



Cost

There will be indirect training costs for both new and existing P-card users on the redesigned process.

Benefit

There are numerous benefits to the District in implementing this recommendation including:

- Savings of approximately \$4,000 per year in check printing and distribution costs
- Increase to the District's cash float
- Increase to the cash rebate on P-card purchases
- Easier and more efficient business travel for employees
- Enhanced controls to monitor expenditures
- Enhanced fraud prevention controls
- Redeployment of 1 FTE

Assumptions

- The benefit figure for monthly and annual rebate amount was calculated using a current federal funds rate of 5.25%, based on a 22 day extended float, and receiving 0.7% rebate

Risks

- Misuse of P-cards, mitigated with tighter internal controls
- Loss of P-cards, mitigated by the bank-monitored fraud prevention program
- Reduced time savings if follow up with employees is required to complete the verify charges process

Implementation

Initially the district will start with a pilot group for four months, to allow time for feedback, with full implementation in one year.

Following are the scheduled milestones for the P-card Implementation:

Milestone	Scheduled Completion Date
Change/create P-card procedures to include travel	February 14, 2007 (COMPLETED)
Final report submitted	March 27
Identify pilot group of 220 employees	May 14
Employee Training	May 29
Pilot Group Go-Live	May 30
Collect/Review Pilot Group Feedback	July 6
Issue Phase 2 P-cards	August 31
Phase 2 Training	August 31
Phase 2 Go-Live	September 4, 2007

See **Appendix A** (AP Implementation Schedule) for the full plan to implement P-card usage for Business Travel.

Conclusion

The major benefit of expanding the usage of the P-card for business travel is the potential to increase cash float and generate funds through rebates. The new process will also reduce the staff requirements in Accounts Payable and allow the redeployment of 1 FTE in support of the District's strategic plan. Those employees who must travel will also benefit from easier and more efficient business travel processes and procedures.

Tier 2 Recommendation: Implementation of Enhancements to Textbook Program

Overview

The Project INVEST Task Force recommends the District make enhancements to the existing textbook accounts payable process. In fiscal year 2006, 1,700 manual invoices were generated to Florida School Book Depository totaling nearly \$10 million. This work is currently assigned to two employees who spend approximately 50% and 25% of their time, respectively, reviewing and processing invoices for this single vendor.

Many of the issues that Accounts Payable must research and resolve are discrepancies between the purchase order and invoice, goods receipts not completed accurately or in a timely manner for textbooks received, or goods receipts completed for textbooks that have not been received.

A Textbook Committee has already been formed and is meeting on a regular basis to review the entire textbook process from order processing to delivery, reconciliation, and payment. At this time the committee has recommended that the inventory monitoring program Destiny be installed at all school locations. The District owns and uses Destiny, but its use is currently not mandated. This program will aide in inventory accuracy and provide data on inventory totals by location to the Textbook Department. The Task Force recommends identification of an electronic solution for ordering and delivering textbooks that is agreed to by both the District and the Florida School Book Depository.

Cost

The direct costs, indirect costs, and schedule for this effort cannot be determined until the Textbook Committee makes its final recommendations. This effort is underway and should be completed on or before August 1, 2007.

Benefit

A redesign of the textbook process will provide significant, recurring cost savings to the District. Due to the large volume of textbook purchases made each year, the possibility exists to eliminate duplicate orders, orders lost following delivery, and textbooks sitting idle. Additional savings will come from improved tracking of textbook assignment to students, allowing the District to attempt to recoup the cost of replacement if the book is not returned by the student.

Tier 2 Recommendation: Implementation of Enhancements to Printing and Copier Program

Overview

The Project INVEST Task Force recommends that the District make enhancements to the existing printing and copier program. Each year 240 million copies are generated using either copiers or printers. Currently the District does business with fifteen different copier vendors that generated over 700 purchase orders in fiscal year 2006. These resulted in over 3,000 manual invoices being processed and over 600 checks being issued to copier vendors. Accounts Payable currently has this work assigned to two employees who spend approximately 90% and 40% of their time, respectively, reviewing and processing invoices for copier vendors.

The District has an existing central print shop that is not being utilized to its full capacity. A study is now being conducted and a plan developed to operate printing for the District in a more efficient and effective manner. The Print Shop Department is reviewing automated programs that will allow employees to transmit their copy requests to the print shop electronically.

Cost

The direct costs, indirect costs, and schedule for this effort cannot be determined until the study has been completed. This effort is underway and should be completed on or before October 1, 2007. The estimated cost of an automated submission system is \$60,000 to \$70,000.

Benefit

A redesign of this process will benefit the District through the more effective and efficient use of existing resources. The potential exists for significant, recurring cost savings through consolidation of copier vendors due to an increase in volume of sales.

Tier 2 Recommendation: Implementation of P-Card Usages for Low Dollar Value Purchases

Overview

The Project INVEST Task Force recommends that the District require P-card usage for purchases of low dollar value items. An average purchase order costs the district \$100 or more to create and process. Situations currently exist where the District is paying more to process a purchase order than the value of the item purchased.

The P-card program also yields a cash rebate to the District for every dollar spent, and the rebate percentage increases as the total dollar amount of purchases increases. In addition, cash float is available when a P-card is used, from the date of purchase to the date the balance is paid.

Currently the P-card program is not realizing its full potential. A review of fiscal year 2006 yielded only 3,800 transactions processed on P-cards for a total of \$735,000. Research has confirmed that during that same fiscal year, 12,000 purchase orders were generated for purchases of \$200 or less. A total of \$1,150,000, or 61% of all the purchase orders, were generated by the Maintenance Department and were work order related.

Cost

There will be no direct cost to the District to implement this change. Indirectly, costs will be incurred for process redesign and employee training. The potential exists for technology development to be required as it relates to the integration of Maintenance work orders with the P-card system. These details remain to be determined and will be finalized by October 1, 2007 with full implementation expected to take one year.

Benefit

Implementation of this recommendation would allow the District to experience both cost savings and revenue generation. Increased P-card usage has the potential to save approximately \$22,500 in direct check printing and processing costs and to enable the potential reallocation of approximately 2.5 FTE positions from Accounts Payable in support of the District's strategic plan.

Tier 1 Recommendation: Implementation of EZStub Application

Overview

Recommendation	EZStub is a web-based solution that allows employees to view their pay stub using any public or private computer connected to the Internet. It will allow the District to cease the printing, distribution and/or mailing of pay stubs to employees
Cost	Implementation Cost: \$5,800, FY 2007 Ongoing Support Cost: \$7,200 - \$8,400 annually, FY 2008 - 2011
Direct Benefit	Savings of \$80,000 - \$85,000 annually in printing and mailing costs, beginning in FY 2008
Indirect Benefit	Reallocation of staff time from between 4% to 11% of one FTE in each of four areas of the District associated with the check printing process

The Project INVEST Task Force recommends the District implement EZStub, a web-based application that will allow employees to securely access, view and print their pay stubs from any computer connected to the Internet at work, at home or in a public location. In addition to providing current pay period information, EZStub can house an archived history of up to four years of employee pay stubs, beginning with the first check after implementation and going forward. A pilot program is scheduled to go-live in April 2007 with full implementation of the application by the end of the current fiscal year.

The District and the vendor will employ the latest electronic security with regard to protection of employee data. Data will be provided to the vendor utilizing secured file transfer protocol.

EZStub is compatible with the District's current processes and can be deployed rapidly at a relatively low cost. The District will be able to provide this service through SAP when the District implements SAP's Employee Self Service (ESS) module in the future, at which time EZStub can be retired.

The cost for implementation of this solution would be a total of \$38,200 over the next 4 years, with an initial outlay of \$5,800 required prior to June 30, 2007. These costs would be recouped within the first year based on a direct cost savings of \$80,000 – \$85,000 a year on printing, delivery and postage.

This process will reduce 25% of one DCPS FTE annually while enabling the District to deliver employee information on-demand through more convenient methods. EZStub will also eliminate DCPS internal costs for research and verification of wages. Employees will have the ability to send their pay stub information to outside organizations.

Numerous governmental and private entities have already implemented a paperless check stub program. Schools Districts from Alachua, Citrus, Collier, Highlands, Martin, and Pasco counties have already implemented this EZStub application, as has the Florida Department of Health.

Cost

The following cost breakdown identifies the financial impact to the District for both implementation and on-going support for the application. These costs assume an employee base of up to 16,500:

- Implementation (includes April – June 2007 period at no cost)
 - \$4,300 for 1,400 Microsoft Exchange Licenses to provide DCPS e-mail to all employees who do not currently have access
 - \$500 for custom web page design
 - \$1,000 for training materials
- On-Going Support
 - FY 2007 – 2008: \$600/month = \$7,200 annual cost
 - FY 2008 – 2011: \$700/month = \$8,400 annual cost

Benefit

- The recommendation to implement EZStub will save the District between \$80,000 and \$85,000 per year in printing and distribution costs, including ink, stock and postage.
- While the EZStub project will not eliminate any current positions in the District for redeployment, staff time for various processes associated with check printing and delivery will be reduced by a total of 25% of one FTE. This will allow for the assumption of additional tasks and a reduction in overtime.
- EZStub will provide employees secure, online access to their pay stub data 24 hours a day, 7 days a week.
- The EZStub database has capacity to retain up to four years of pay data, beginning with the first check of the implementation and going forward.
- The EZStub database will benefit the employees when applying for credit to purchase a new car or home, or for tax verification, by allowing this requested information to be sent directly to their financial institution.
- EZStub will provide a glossary for pay stub categories. This glossary will include the most commonly requested definitions of pay stub information and will reduce calls to Payroll.

Assumptions

- The DCPS employee base will not rise above 16,500 during the term of the contract
- Volume of use will require one kiosk machine per site
- Each site will successfully identify an existing computer to serve as a kiosk for their employees
- 100% of DCPS employees receive electronic pay stubs, including all employees represented by the District's seven employee unions. Paper stubs will still be available to be printed by the employee.

Risks

- Some employees are leery of an electronic solution due to concerns regarding security of their personal information and inconvenience of accessing a private

computer. This will be mitigated with a documented Change Management plan that addresses communication and training through multiple channels.

Implementation

Following are the scheduled milestones for the EZStub Implementation:

Milestone	Scheduled Completion Date
Non-Disclosure Agreement (Software Patent & Security)	January 30, 2007 (COMPLETED)
Finalize Contract with Vendor	March 13
Final Report Submitted	March 27
Development and Testing of Data File	March 23
Receive MOU from Unions	March 23
Begin Communication to Employees (Multiple Waves)	March 26
Begin Pilot Group Access (Committee Only)*	April 5
Begin Phase 1 Access (10% of Employees)*	April 20
Begin Phase 2 Access (All Remaining)*	June 1, 2007

*Rollout schedule determined after vendor and Committee recommendation.

See **Appendix B** (Payroll EZStub Implementation Schedule) for the full plan to implement EZStub.

Conclusion

EZStub will be a cost-effective change in how the District does business, creating business efficiencies and freeing up \$80,000 to \$85,000 each year to be reinvested in the schools. The District will be able to provide this service through SAP when the District implements SAP's Employee Self Service functionality, projected to be completed by 2012.

Tier 1 Recommendation: Implementation of Electronic Time and Attendance (SMART)

Overview

Recommendation	Implement new “SMART” process to have time and attendance data entered at work sites
Cost	\$3,500 for training materials, required in fiscal year 2007
Direct Benefit	Reallocation of approximately seven positions (\$310,000) in Payroll Department
Indirect Benefit	Reduction in errors, documentation storage, and access costs

The Project INVEST task force recommends the District begin to electronically enter time and attendance data at the school and department levels. All payroll-related data is currently received, entered, and processed by the payroll department. To facilitate the recommendation, the District has created a new time and attendance gathering process, System Management for Attendance in Real Time (SMART). This new process is an updated method of time and attendance functions currently performed at each school and department. Although paper-based at this time, the process will be refined through the upcoming SAP upgrade and leverage Employee Self-Service (ESS) and Manager Self-Service (MSS) functionality when it is implemented. This recommendation is a “best practice” and was also recommended by the Council of Great City Schools and the Office of Program Policy Analysis and Government Accountability (OPPAGA).

SMART gives timekeepers at schools and administrative offices the tools necessary to electronically enter time and attendance data for their employees directly into the system. This will eliminate existing duplicate processing of data. SMART also removes the need to transport and store hard-copy timesheets and leave forms throughout the District. Paper timesheets and leave forms submitted by employees will be retained at their work location.

SMART will create time for the payroll department to focus on audit and support functions which include ensuring the standard procedures are followed throughout the District. Automation of time and attendance with SMART will be the foundation for ESS and MSS adoption within the District, projected to be completed by 2012.

Successful implementation of this recommendation will enable the retraining and redirection of seven current payroll FTE positions to support the schools.

Cost

The direct implementation cost for SMART is \$3,500 for training materials, which will be required prior to June 30, 2007. Resources will also be required to conduct and attend training sessions for employees.

This cost is to enable a pilot program only. The pilot program will be used to identify and resolve any challenges in preparation for a District-wide rollout. Feedback from the pilot group will be used to determine the timeline and cost of further activities.

Benefit

There are numerous benefits to the District in implementing SMART. The major benefits are outlined below:

- Electronic data entry at the schools and departments will reduce the need to project attendance four days in advance, which will reduce the number of payroll corrections required each pay period.
- Time approvers will approve absences and attendances online, eliminating the need to sign all paper leave forms and timesheets. This will save principals and managers of large departments 1-2 hours per pay period.
- Entering and approving time daily will provide schools and departments with feedback on time entry errors and will enable them to proactively resolve issues prior to payroll processing. This process will also allow principals and timekeepers to determine if an employee has been set up for payroll purposes and actively resolve the issue for timely payment. It will reduce the number of payroll corrections required each pay period.
- Principals and managers will have access to on-line reports to help them better manage their workforce. These reports will allow them to view all time and leave data that has been entered in the system and to filter and sort that data to meet their needs.
- SMART is a foundation for future process improvements and future cost savings available following the successful implementation of ESS and MSS.
- Payroll technicians will recoup time to focus on audits and support that will help identify additional process improvements.
- Decentralized data entry of time and attendance is a best practice and was recommended in the Management Assistance Project (MAP) and OPPAGA.

SMART will allow redirection of seven payroll staff in support of the District's strategic plan. Payroll department expenditures will be reduced by approximately \$310,000 in salary and benefits annually.

Assumptions

- All sites will enter and approve time daily to gain maximum efficiency.
- The individuals identified as time keepers and time approvers have an existing SAP license.

Risks

- School-based employees perceiving that the revised process simply shifts work currently being done by District staff to the schools. This will be mitigated with a documented Change Management plan that addresses communication and training through multiple channels.
- Employees may be concerned about changes in workload and redeployment of personnel. Again, this will be mitigated with a documented Change Management plan that addresses communication and training through multiple channels.

Implementation

Following are the scheduled milestones for the SMART Implementation:

Milestone	Scheduled Completion Date
Establish Critical Success Factors	January 25, 2007 – (COMPLETED)
Establish Pilot Group	January 25, 2007 – (COMPLETED)
Final Report Submitted	March 27
Begin Communication with Unions	April 2
Begin Communication to Pilot Employees	April 16
Receive MOU from Unions	April 20
Organizational Structure Clean-Up	April 27
Technology and Security Development	May 4
Begin Pilot Employee Training	May 7
Testing	May 25
Pilot Go-Live	May 29, 2007

See **Appendix C** (SMART Implementation Schedule) for the full plan to implement SMART Implementation.

Conclusion

Moving forward with electronic data entry at individual sites and further automation of time and attendance allows the District to utilize employees more efficiently and eliminate duplication of work while reducing errors. Implementation of SMART facilitates the employee transition to ESS and MSS as schools and departments become familiar with the data entry process and become more comfortable with their ability to provide a higher level of support for employees at their own work sites.

Tier 1 Recommendation: Implementation of Investment Oversight

OVERVIEW

Recommendation	Creation of an Investment Oversight Committee, comprehensive reporting, and cash flow analysis
Cost	Indirect only, minimal resource requirements
Direct Benefit	Enhanced controls and the maximization of the District's Return on Investment while ensuring the safety and liquidity of invested funds. Estimated \$500,000 or more in additional investment income
Indirect Benefit	Business best-practice tools to drive a sound District investment strategy

The Project INVEST Task Force recommends the District create an Investment Oversight Committee. In addition, the task force recommends a comprehensive report that will include a cash flow analysis to enable prudent financial management of the District's investments and issuances of debt. It is also recommended that the current District policy be amended to accommodate these recommendations. Upon adoption, they will generate incremental earnings that will be directed to the schools.

A designated oversight committee should be established comprised of both internal and external members. This committee will use the tools described below to make recommendations and guide the District's cash management staff in the areas of investing and debt related matters. They will be driven by the investment objective to gain the highest possible yield while giving priority to safety of capital and sufficiency of liquidity to meet anticipated cash flow requirements of the District. The debt issuance objective will be to provide the District with the most effective and efficient sources of funds at the lowest possible cost. The oversight committee will provide the infrastructure to support the investment recommendations in this document as well as future recommendations. This recommendation was also made by the Council of Greater City Schools.

In order to accomplish prudent management of the District's funds, an analysis of the District's investment portfolio performance should be performed on a quarterly basis, if not more frequently. This is a best-business-practice used throughout both governmental entities and industry. Fiscally responsible entities have an oversight, monitoring, and reporting process concerning their investments. The report will function as a tool to allow the District to readily evaluate their cash position and identify earnings results for the period, as well as accumulated performance. A review of various investment reports from other Districts was performed, and it was determined that a report modeled after one produced in Pinellas County which includes the value of portfolio assets by classification and portfolio income, would benefit the District for reporting on, and monitoring, investment activity. See **Appendix D** (Pinellas County Public Schools Memorandum).

A cash flow analysis will be developed and used as a tool to determine idle funds available for investing and periods of cash shortages when the District may desire to issue debt either on a short term (Tax Anticipation Notes or others) or long term

(Certificates of Participation or others) basis to meet operating and capital needs. The cash flow analysis will be separated into operating and capital categories to help facilitate determining the proper type and term of investment desired. Forecasts will be made considering cash inflow and outflow, along with any extraordinary items or recurring events, looking forward for an 18 month period. A look-back analysis of the prior year's history will indicate patterns of cash receipts and disbursements to be used in the forecasting. The look-back combined with current budget, current estimates, timing and types of events will provide valuable data for financial planning.

Cost

There will be no direct cost to the District to implement the governance recommendations. There will be resource requirements to recruit and serve on the committee, as well as to build and create the reports and the Cash Flow Analysis. It is assumed that these resource requirements will be handled by existing staff based on a reallocation of duties.

Benefit

The implementation of these oversight recommendations will provide a solid foundation not only to implement the current Committee recommendations but also to continue to identify and act upon future investment opportunities.

Assumptions

It is assumed that the District will be able to identify an adequate number of experienced, skilled, knowledgeable people to server on the Governance Committee.

Risks

None apparent. The intent of the Oversight Committee is to mitigate risk.

Implementation

Following are the scheduled milestones for the Investment Oversight Implementation:

Milestone	Scheduled Completion Date
Provide First Cash Flow Analysis	April 30, 2007
Identify Final Oversight Committee Members	May 31, 2007
Convene Oversight Committee for First Meeting	May 31, 2007
Provide First Quarterly Investment Report	June 30, 2007

See **Appendix E** (Oversight Implementation Schedule) for the full plan to implement Investment Oversight.

Conclusion

This Investment Oversight recommendation will enable the District to move forward secure in the knowledge that its decisions are backed by solid financial practices and reviewed by knowledgeable, experienced individuals from Jacksonville businesses and senior District staff.

Tier 1 Recommendation: Implementation of Tax Anticipation Note (TAN) Utilization

OVERVIEW

Recommendation	Begin utilizing TANs to fund annual, temporary Operating Fund deficit due to timing of property tax revenue receipts
Cost	Issuance Costs ranging from \$45,000 to \$85,000, depending on amount borrowed
Direct Benefit	Enhances the Districts' Operating Fund liquidity, allowing for a more stable investment portfolio, a greater range of Investment opportunities, and the elimination of intra-fund borrowing and an estimated annual benefit to the District of between \$450,000 and \$700,000
Indirect Benefit	Relative ease of set up, allows District more stable financial planning

The Project INVEST Task Force recommends that the District begin utilizing Tax Anticipation Notes (TANs) as a simple and cost effective source of short term financing to offset the operating cash flow deficits that the District incurs routinely during each fiscal year. This deficit pattern is typical and common to all school districts in Florida due to the expenditure of operating funds ahead of the anticipated receipt of Ad Valorem (Property) taxes, which are not available to districts until late November of each year. TANs have been successfully used by many Florida school districts for many years.

The District incurs a cumulative operating cash flow deficit of approximately \$45,000,000 for the period between July and November of each fiscal year. TANs will provide a source of working capital reserves in the General Fund until the collection of Property Taxes replenishes the District cash reserves. Use of TANs will allow the District flexibility in managing its daily cash obligations and to take advantage of investment opportunities that may arise during the course of the year.

Cost

Issuance costs for the amount of borrowings anticipated by the District should range from between \$45,000 to \$85,000.

Benefit

The basic benefits of TANs over other forms of financing are:

- Savings due to notes being issued at tax-exempt rates
- Funds available more rapidly
- Reduction in District financial uncertainty
- Timing differences are leveled on the collection of ad valorem taxes (revenues) and when payments (expenditures) are actually made
- Improved liquidity allowing the District to take advantage of other investment opportunities



Assumptions

- The Capital monies that have been used to cover operating costs during the deficit period are now available to invest
- The Oversight Committee will not direct the District to issue TANs during years where the interest rate is higher than what can be earned through capital investment.
- The District will have adequate resources to gather data and file a successful TAN application each year during the application window, that time when the District is showing a deficit in the operating Fund.
- See **Appendix F** (TAN Cost and Income Example Calculation) for an example calculation if a TAN had been used during fiscal year 2006.

Risk

Proceeds from TANs are a short-term source of funds that must be repaid within 1 year from the time borrowed, and are intended for a narrow range of use. The District must ensure these funds are not co-mingled with other sources of funds and do not become a permanent, long-term funding source for special programs.

Implementation

In order to apply for a TAN, the District must demonstrate a current cash flow deficit in the operating fund. The implementation schedule proposed below is a sample timeline for fiscal year 2008. A similar schedule should be identified each year a TAN is issued. Following a consultation with the District's financial advisors, the ideal timeline to apply for a TAN is as follows:

Milestone	Scheduled Completion Date
Submit Documentation to District's Financial Advisor	August 1, 2007
Finalize Documents for RFP	August 15
Bidding Period Opens	August 27
Bidding Period Closes	September 7
Present Winning Bid to Board	September 18
Board Approves Contract with Selected Bank	October 2
Receive Funds	October 5
Pay Back Funds	October 5, 2008

See **Appendix G** (Investments TAN Implementation Schedule) for the full plan to implement TAN Utilization.

Conclusion

TANS are used by numerous school districts in Florida and other government agencies to cost-effectively manage the impact of the timing difference of collecting taxes (revenues) and the actual payment of operating expenses. This provides entities additional opportunities to maximize their investment portfolios.

Tier 1 Recommendation: Implementation of Special Purpose Investment Account (SPIA) Program

OVERVIEW

Recommendation	Begin investment in Florida Department of Treasury SPIA program
Cost	Indirect only, minimal resource requirements
Direct Benefit	Additional Investment income of approximately \$500,000 annually
Indirect Benefit	Additional diversification of investment portfolio

The Project INVEST Task Force recommends the District implement the use of the Special Purpose Investment Account (SPIA) program. During the Task Force's discussion of new investment options compliant with the District's current investment policy, a re-examination of State sponsored programs was made to ensure the District was taking advantage of all such programs available under State law. It was determined from this review that the District qualifies to participate in an investment program known as a SPIA, sponsored by the Florida Department of Treasury.

This program will function in a similar manner as the existing State Board Administration (SBA) Investment account utilized by the District in regards to daily liquidity and safety of principal. SPIA fund assets are invested in a substantially different manner than the traditional SBA account in that they are intermediate term type investments. Monthly yields may fluctuate significantly, thus the Oversight committee would need to carefully monitor the investment in order to realize the higher yield. It is recommended that the District apply for participation in this account and through the committee develop related procedures to ensure its use when indicated by market conditions.

Cost

There will be no direct cost to the District to implement the SPIA recommendation. There will be minimal resource requirements to monitor SPIA investments and collect SPIA data. These resource requirements can be handled by existing staff based on a reallocation of duties.

Benefit

With liquidity and safety of principal equal to that of SBA, the prudent use of a SPIA could improve the District's Investment earning by approximately \$500,000 annually based on current market conditions.

Assumptions

Assuming a conservative 50/50 mix of funds invested between SBA and SPIA, and based on the 3 year (2004-2006) average yield for these accounts, the potential annual increase in interest income is calculated as follows:

<u>Investment Type</u>	<u>Investment Allocation</u>	<u>3 year Average Yield</u>	<u>Interest Income</u>
SBA	\$75,000,000.00	2.593%	\$1,944,750.00
SPIA	\$75,000,000.00	3.364%	\$2,523,000.00
Average Invested Funds	<u>\$150,000,000.00</u>		<u>\$4,467,750.00</u>
SBA Only	\$150,000,000.00	2.593%	(\$3,889,500.00)
Potential Revenue Increase			<u>\$578,250.00</u>

Risk

Since the rate of return for a SPIA can fluctuate widely on a month to month basis, this investment will require routine monthly review and analysis to determine when funds should be invested.

Implementation

Milestone	Scheduled Completion Date
Create proposal for SPIA Investment	February 13, 2007 (COMPLETED)
Final Report Submitted	March 27, 2007
Approval by O Committee	May 31, 2007
Apply for SPIA Investment	May 31, 2007
Confirm Fund Receipt and Investment	May 31, 2007

See **Appendix H** (Investments SPIA Implementation Schedule) for the full plan to implement the SPIA Program.

Conclusion

A SPIA account will provide the District an additional option to participate in a second State sponsored investment pool besides SBA in order to maximize investment returns.

Template for Work Process Change Initiatives Duval County Public Schools

This template is intended for use for significant process change initiatives when organizational impact extends beyond a single organizational group in the Duval County Public Schools. The first step in the work of the Project INVEST Task Force was to evaluate prior DCPS change efforts in these and other non-instructional processes. This evaluation of the causal factors of past change successes and change failures both informed the task force's 2007 final report and recommendations and this change template.

This non-instructional process change template has seven principles:

1. Narrow the scope of potential process change analysis and recommended changes so that the analysis can be completed within no more than 4 to 6 months with recommended changes preferably limited to less than 6 at any one time in total, all of which can be implemented within 12 months
2. Only make recommendations for change to different processes using better work processes that have already been well proven in practice at major Jacksonville companies and/or other major Florida school systems and/or other large Florida State and local governmental organizations
3. Assign talented, experienced, well respected School System leaders to the analysis and recommendation development work from the beginning of the analysis work; and, relieve these leaders of as much of their current duties as is necessary for these leaders to devote most of their time and energy to the analysis and change recommendation development work; and, provide other resources to perform the regular duties that would otherwise be done by those School System leaders temporarily assigned to the analysis work; and, finally, assure School System experienced employees whose work will be potentially changed by the process change are directly involved from the beginning in the analysis and process change implementation planning work
4. Require School System senior leaders and School System subject matter experts to develop a complete, feasible, quantified implementation plan for each recommendation for process change; this implementation plan development work must be completed before any recommended process change is begun; and, always include a work task in the implementation plan for an independent review, evaluation, and report to the Superintendent of the actual results achieved after the change work is completed compared against the expected results when the change work was commenced
5. Only implement recommended process changes that the Superintendent completely supports and that the Superintendent will actively support all the changes required, despite the inevitable resistance, often strong and persistent, to change that emerges with any large organization, including the Duval County Public Schools

6. Only make recommended changes for which the benefits of reduced total costs and/or increased revenues in the first year after implementation equals or exceeds all change implementation costs, i.e., only make change recommendations that have preferably a simple payback period of one year or less, or, no more than a three year simple payback period.
7. Include in each change implementation plan substantial resources for development and delivery of training in the new work processes early and often to all DCPS employees whose work may be impacted by the changes; and, include in each change implementation plan substantial resources to develop and deliver communications early and often to and among all DCPS employees about the planned process change, the change schedule, the change reasons, and the expected change results once implemented; and, finally, School System Administrators and Managers will be expected to actively support DCPS employees in successfully engaging and “owning” the change process work.

These seven principles reflect the primary reasons so many prior non-instructional change initiatives have failed in DCPS. The Project INVEST Task Force, comprised of both outside business executives and senior DCPS leaders, believes that until and unless each of these seven principles have been addressed that no significant non-instructional process change should be started. And, the task force believes that if these seven principles are addressed, that our DCPS leaders and employees have both the ability and desire to make beneficial changes in order to increase efficiency and effectiveness in all non-instructional areas in order to enable our School System to devote a growing percent of total DCPS revenues directly to the classroom with our students and teachers.

APPENDIX A

Project INVEST AP Implementation Schedule

ID	Task Name	Duration	% Complete	Start	Finish	Prerequisite Tasks	Resource Names	Comments
0	Project INVEST AP Implementation Schedule	171 days	16%	Wed 1/3/07	Tue 9/4/07			
1	Run modified vendor report and provide to Terrence and Thresa	3 days	100%	Wed 1/3/07	Fri 1/5/07		Tria Bailey	Activity within the past 5 years, excluding employees.
2	Negotiate contract with BOA for ePayables/pay mode	44 days	75%	Mon 1/8/07	Fri 3/9/07	1		Contract evaluation team, legal council (Karen Chastain), purchasing expert (Larry Ganger). This makes a team of 8. Tria and Lynn need to sit in to represent IT.
3	Contact existing vendors able to accept credit cards/ACH to identify payment method	60 days	0%	Mon 3/12/07	Tue 6/5/07	2	BOA	
4	Match new vendor file and identify vendors who accept credit cards/ACH	14 days	0%	Mon 3/12/07	Thu 3/29/07	2	BOA	
5	Create communication for Board to explain highlights of changes to Vendors	24 days	0%	Mon 3/12/07	Fri 4/13/07	2	Terrence Wright	
6	Create communication for Board to explain highlights of changes to Vendors	24 days	0%	Mon 3/12/07	Fri 4/13/07	2	Thresa Giles	
7	Change/create purchasing procedures for current and new vendors	30 days	100%	Wed 1/3/07	Wed 2/14/07		Terrence Wright	
8	Change/create P-card procedures to include minimum amount and travel	30 days	100%	Wed 1/3/07	Wed 2/14/07		Terrence Wright	
9	Extended resource planning to support phased rollout and report	3 days	100%	Wed 1/17/07	Fri 1/19/07		Stephen Bright, Tria Bailey, Lisa Chason, Cindy Hill, Lynn White	
10	Present new procedures to the Cabinet, including Communication Plan	1 day	0%	Thu 3/8/07	Thu 3/8/07		Thresa Giles, Terrence Wright	
11	Final Report Submitted	0 days	0%	Tue 3/27/07	Tue 3/27/07			
12	Identify and notify vendors of elimination of wire transfers	55 days	0%	Mon 3/12/07	Tue 5/29/07	2	Lisa Chason	
13	Begin contacting existing vendors regarding change of payment method	60 days	0%	Mon 4/16/07	Mon 7/9/07	5	Terrence Wright	
14	Provide IT with output of negotiation session to determine impact to SAP	1 day	0%	Mon 3/12/07	Mon 3/12/07	2	Terrence Wright	
15	Phase 1 Roll-Out	103 days	5%	Wed 1/3/07	Wed 5/30/07			
16	Identify selection of vendors for Phase 2 ePayables participation	2 days	0%	Fri 3/30/07	Mon 4/2/07	4		
17	SAP Configuration and Programming Changes	50 days	0%	Tue 3/13/07	Tue 5/22/07			Based on pre-negotiation data.
18	Pay Type	50 days	0%	Tue 3/13/07	Tue 5/22/07			
19	Configuration and Development	30 days	0%	Tue 3/13/07	Tue 4/24/07	14	Tria Bailey	Will include Cash Management, Mike Hethinton.
20	Testing	20 days	0%	Wed 4/25/07	Tue 5/22/07	19		
21	Special Ledger	50 days	0%	Tue 3/13/07	Tue 5/22/07			

APPENDIX A

Project INVEST AP Implementation Schedule

ID	Task Name	Duration	% Complete	Start	Finish	Prerequisite Tasks	Resource Names	Comments
22	Configuration and Development	30 days	0%	Tue 3/13/07	Tue 4/24/07	14	Tria Bailey	Will include someone in accounting.
23	Testing	20 days	0%	Wed 4/25/07	Tue 5/22/07	22		
24	Reports	55 days	0%	Tue 3/13/07	Wed 5/30/07	14		
25	Realignment of Resources	11 days	0%	Mon 3/12/07	Mon 3/26/07	2	AP, Mike Perrone, Terrence Wright	
26	Change/create travel policy and procedures	25 days	50%	Wed 1/3/07	Fri 4/13/07	11	Lisa Chason	
27	Identify Phase 1 participation for P-card for travel	20 days	0%	Fri 4/13/07	Fri 5/11/07	26	Stephen Bright, Lisa Chason	Selection will be existing 220 employees with P-cards.
28	Training	12.4 days	0%	Fri 5/11/07	Wed 5/30/07			
29	ePayables and Cash Management	5 days	0%	Wed 5/23/07	Wed 5/30/07	20,23	BOA	Include AP, Accounting, and Mike Hethington.
30	P-cards - Must use for travel	10 days	0%	Fri 5/11/07	Fri 5/25/07	27		
31	Change Management	20 days	0%	Fri 4/13/07	Fri 5/11/07			
32	Include Unions in process	20 days	0%	Fri 4/13/07	Fri 5/11/07	26	Stephen Bright, Thresa Giles, Marilyn Myrick	
33	Meet with various departments, etc.	20 days	0%	Fri 4/13/07	Fri 5/11/07	26		
34	Begin Phase 1 Roll-Out	0 days	0%	Wed 5/30/07	Wed 5/30/07	29		
35	Phase 2 Roll-Out	27 days	0%	Thu 5/31/07	Mon 7/9/07			
36	Identify selection of vendors for Phase 2 ePayables participation	3 days	0%	Thu 5/31/07	Mon 6/4/07	34	Stephen Bright, Lisa Chason	
37	Begin Phase 2 Roll-Out	0 days	0%	Mon 7/9/07	Mon 7/9/07			
38	Phase 3 Roll-Out	68 days	0%	Thu 5/31/07	Tue 9/4/07			
39	Identify selection of employees	2 days	0%	Mon 7/9/07	Tue 7/10/07	37		
40	Enforce use of electronic In-Country Travel Form and ACH payment	67 days	0%	Thu 5/31/07	Fri 8/31/07			If decision is PayMode, ACH solution will need to be included in Phase 1.
41	Identify committee to study issues and develop procedure	10 days	0%	Thu 5/31/07	Wed 6/13/07	34	Stephen Bright	
42	Expand number of P-cards for travel users	38 days	0%	Wed 7/11/07	Fri 8/31/07	39	Terrence Wright	This excludes maintenance.
43	Training	45 days	0%	Mon 7/2/07	Fri 8/31/07			
44	New Card Holders - Operations	22 days	0%	Mon 7/2/07	Tue 7/31/07			
45	New Card Holders - School Based	20 days	0%	Mon 8/6/07	Fri 8/31/07			
46	Begin Phase 3 Roll-Out	0 days	0%	Tue 9/4/07	Tue 9/4/07			Remaining vendors for ePayables.

APPENDIX B

Project INVEST Payroll EZStub Implementation Schedule

ID	Task Name	Duration	% Complete	Start	Finish	Prerequisite Tasks	Resource Names	Comments
0	Project INVEST Payroll EZStub Implementation Schedule	169 days	17%	Thu 1/4/07	Fri 8/31/07			
1	Initiation and Planning	57 days	30%	Thu 1/4/07	Tue 3/27/07			
2	Governance	57 days	99%	Thu 1/4/07	Tue 3/27/07			
3	Present to the Cabinet, including Communication Plan	1 day	100%	Thu 2/1/07	Thu 2/1/07		Thresa Giles	
4	Present new procedures to Board at Workshop, including Communication Plan	57 days	99%	Thu 1/4/07	Tue 3/27/07			
5	Confirm ability to present at February workshop	7 days	100%	Thu 1/4/07	Fri 1/12/07		Thresa Giles	We will not be able to present at February Board Workshop.
6	Final Report Submitted	0 days	0%	Tue 3/27/07	Tue 3/27/07			
7	Business	53 days	30%	Thu 1/4/07	Tue 3/20/07			
8	Establish pilot group	7 days	100%	Thu 1/4/07	Fri 1/12/07		Carolyn Parker, Tina McGowens, Karen McCrea, Cathy Bursch	Count of employees, ensure 10% number is met, etc.
9	Allocate dollar resources (should be cost neutral by end of year)	20 days	100%	Thu 1/4/07	Thu 2/1/07		Stephen Bright	
10	Kiosks	16 days	0%	Tue 2/27/07	Tue 3/20/07			
11	Talk to Jim Hendrix regarding maintenance access	10 days	0%	Tue 2/27/07	Mon 3/12/07	20	Tina McGowens	
12	Present at Principals Meeting and distribute request for location info	1 day	0%	Tue 3/13/07	Tue 3/13/07		Thresa Giles	Inform them of the need for a "Procedure for Accessibility".
13	Identify locations/populations that will require kiosks	5 days	0%	Wed 3/14/07	Tue 3/20/07	11,12	Team	If a school/department does not have a location for access, Tina will gather these and work with Karen to solve.
14	Finalize contract	48 days	0%	Thu 1/4/07	Tue 3/13/07		Carolyn Parker	Need to include Lynn White. Need to include education/training piece and Marsha Oliver.
15	Change Management	45 days	11%	Mon 1/22/07	Fri 3/23/07			
16	Personnel	45 days	11%	Mon 1/22/07	Fri 3/23/07			
17	Buy-in from Unions, EEs, and Principals (all Stakeholders)	45 days	11%	Mon 1/22/07	Fri 3/23/07			
18	Initial meeting with Terrie Brady (DTU)	1 day	100%	Mon 1/22/07	Mon 1/22/07		Thresa Giles, Marilyn Myrick	
19	Presentation to DTU, Paraprofessionals, and UOPD	1 day	100%	Mon 2/19/07	Mon 2/19/07		Stephen Bright, Walter Carr, Karen McCrea, Tina McGowens, Carolyn Parker	

APPENDIX B

Project INVEST Payroll EZStub Implementation Schedule

ID	Task Name	Duration	% Complete	Start	Finish	Prerequisite Tasks	Resource Names	Comments
20	Presentation to AFSCME, JSA, LIUNA, and Maintenance	1 day	100%	Mon 2/26/07	Mon 2/26/07		Stephen Bright,Walter Carr,Karen McCrea,Tina McGowens,Carolyn Parker	Present demonstration of EZStub software.
21	Receive required MOU Documents	24 days	0%	Tue 2/20/07	Fri 3/23/07	19	Walter Carr,Karen McCrea,Carolyn Parker	Currently requested by DTU and Maintenance.
22	Execution	54 days	21%	Mon 1/22/07	Thu 4/5/07			
23	Business Operations	35 days	47%	Mon 1/22/07	Fri 3/9/07			
24	Requirements and Scope	35 days	47%	Mon 1/22/07	Fri 3/9/07			
25	Determine layout for on-line view	35 days	47%	Mon 1/22/07	Fri 3/9/07			
26	Finalize layout for pay stub	10 days	100%	Mon 1/22/07	Fri 2/2/07		Cathy Bursch,Tina McGowens	The on-line stub will look very close to the existing stub.
27	Create and enable "legend" to assist EEs in understanding their deductions	10 days	20%	Mon 2/26/07	Fri 3/9/07		Cathy Bursch,Tina McGowens	
28	Add W4 Information to stub	10 days	20%	Mon 2/26/07	Fri 3/9/07		Cathy Bursch,Tina McGowens	
29	Technology	44 days	30%	Mon 2/5/07	Thu 4/5/07			
30	Applications	44 days	48%	Mon 2/5/07	Thu 4/5/07			
31	Develop technology for project	44 days	48%	Mon 2/5/07	Thu 4/5/07			
32	Determine SAP system requirements and testing plan	5 days	100%	Mon 2/5/07	Fri 2/9/07	26		
33	SAP development and unit testing	10 days	100%	Mon 2/12/07	Fri 2/23/07	32	Cathy Bursch,Developer	
34	Provide initial test file to EZStub	1 day	100%	Mon 2/26/07	Mon 2/26/07	33	Cathy Bursch	
35	Receive feedback on initial test file	5 days	0%	Wed 3/14/07	Tue 3/20/07	34,14	Lynn White,Cathy Bursch	Will not be provided until after contract is signed.
36	Provide full test file to EZStub	1 day	0%	Wed 3/21/07	Wed 3/21/07	35		
37	Final testing and evaluation	11 days	0%	Thu 3/22/07	Thu 4/5/07	36	Tina McGowens,Cathy Bursch	
38	Operations	10 days	0%	Wed 3/21/07	Tue 4/3/07			
39	Determine procedures for EEs without network logins	10 days	0%	Wed 3/21/07	Tue 4/3/07	13	Karen McCrea,Technology	
40	Install and configure hardware to support kiosks for Phase 1	10 days	0%	Wed 3/21/07	Tue 4/3/07	13	Karen McCrea,Technology	
41	Change Management	39 days	0%	Fri 2/2/07	Wed 3/28/07			
42	Personnel	37 days	0%	Fri 2/2/07	Mon 3/26/07			

APPENDIX B

Project INVEST Payroll EZStub Implementation Schedule

ID	Task Name	Duration	% Complete	Start	Finish	Prerequisite Tasks	Resource Names	Comments
43	Employee Communication	37 days	0%	Fri 2/2/07	Mon 3/26/07			
44	Identify Communication & Education Team	31 days	0%	Fri 2/2/07	Fri 3/16/07	3	Carolyn Parker, Karen McCrea	Needs to include Marsha Oliver, HR, IT.
45	Create communication plan	3 days	0%	Mon 3/19/07	Wed 3/21/07	44	C&E Team	
46	Create communication documents	3 days	0%	Thu 3/22/07	Mon 3/26/07	45	C&E Team	
47	Training	22 days	0%	Tue 2/27/07	Wed 3/28/07			
48	Customize training materials	17 days	0%	Tue 2/27/07	Wed 3/21/07	34	EZ-Stub	To be finalized during contract negotiation.
49	Receive training materials and distribute	5 days	0%	Thu 3/22/07	Wed 3/28/07	48		
50	Final Preparation	19 days	0%	Mon 3/26/07	Fri 4/20/07			
51	Change Management	19 days	0%	Mon 3/26/07	Fri 4/20/07			
52	Communication Blitz	19 days	0%	Mon 3/26/07	Fri 4/20/07			
53	Training	13 days	0%	Mon 4/2/07	Thu 4/19/07			
54	Train the Trainer and Employee Training	13 days	0%	Mon 4/2/07	Thu 4/19/07		EZ-Stub	To be finalized during contract negotiation.
55	Go-Live	84 days	0%	Thu 4/5/07	Fri 8/3/07			
56	Pilot - Project Invest Committee	10 days	0%	Thu 4/5/07	Fri 4/20/07			
57	First check available on-line (both paper and on-line access provided)	0 days	0%	Thu 4/5/07	Thu 4/5/07	37		
58	Review results/feedback/resolve issues	10 days	0%	Mon 4/9/07	Fri 4/20/07	57	All	1 check and will viewed and issues identified.
59	Phase 1 - Pilot Group of 10%	29 days	0%	Fri 4/20/07	Fri 6/1/07			
60	First check available on-line (both paper and on-line access provided)	0 days	0%	Fri 4/20/07	Fri 4/20/07	58		
61	Review results/feedback/resolve issues	29 days	0%	Mon 4/23/07	Fri 6/1/07	60	All	3 checks will be viewed and issues identified.
62	Phase 2 - Remainder of District	45 days	0%	Fri 6/1/07	Fri 8/3/07			
63	First check available on-line (both paper and on-line access provided)	0 days	0%	Fri 6/1/07	Fri 6/1/07	61		
64	Review results/feedback/resolve issues	45 days	0%	Mon 6/4/07	Fri 8/3/07	63	All	Multiple checks will be viewed and issues identified.
65	Closure, Handoff & Support	20 days	0%	Mon 8/6/07	Fri 8/31/07			
66	Review results/feedback/resolve issues	20 days	0%	Mon 8/6/07	Fri 8/31/07	64	All	

APPENDIX C

Project INVEST Payroll SMART Implementation Schedule

ID	Task Name	Duration	% Complete	Start	Finish	Prerequisite Tasks	Resource Names	Comments
0	Project INVEST Payroll SMART Implementation Schedule	222 days	10%	Thu 1/4/07	Wed 11/14/07			System Management for Attendance in Real Time (SMART)
1	Initiation and Planning	65 days	57%	Thu 1/4/07	Thu 4/5/07			
2	Governance	38 days	99%	Thu 2/1/07	Tue 3/27/07			
3	Presentation to Cabinet	1 day	100%	Thu 2/1/07	Thu 2/1/07		Thresa Giles	
4	Final Report Submitted	0 days	0%	Tue 3/27/07	Tue 3/27/07			
5	Business	60 days	59%	Thu 1/4/07	Thu 3/29/07			
6	Establish Critical Success Factors	15 days	100%	Thu 1/4/07	Thu 1/25/07		George Strange,Cathy Bursch,Tina McGowens	"What would cause us to say this pilot was a success?"
7	Estimate of resources for full District roll-out	40 days	50%	Fri 2/2/07	Thu 3/29/07	3	Tina McGowens	Will require input from IT, departments, pilot group.
8	Establish Pilot Group	30 days	50%	Fri 2/2/07	Thu 3/15/07			
9	Determine names of Pilot group	30 days	50%	Fri 2/2/07	Thu 3/15/07	3	Cathy Bursch,Tina McGowens	Timekeeper and Time Approver names.
10	Change Management	4 days	0%	Mon 4/2/07	Thu 4/5/07			
11	Personnel	4 days	0%	Mon 4/2/07	Thu 4/5/07			
12	Buy-in from Unions, Supervisors, and Principals (all Stakeholders)	4 days	0%	Mon 4/2/07	Thu 4/5/07			
13	Presentation to Paraprofessionals and UOPD	4 days	0%	Mon 4/2/07	Thu 4/5/07		Stephen Bright,Walter Carr,Karen McCrea,Tina McGowens,Marilyn Myrick,Carolyn Parker	Determination is that these are the only Unions impacted by this new process at this time. Presentation to be scheduled for one day this week.
14	Execution	52 days	0%	Wed 3/14/07	Fri 5/25/07			
15	Business Operations	30 days	0%	Fri 3/16/07	Fri 4/27/07			
16	Work with HR to identify timekeepers in system	30 days	0%	Fri 3/16/07	Fri 4/27/07	9	Cathy Bursch,Tina McGowens,Debra Talley,Andy McCrimmon	
17	Licensing needs	30 days	0%	Fri 3/16/07	Fri 4/27/07	9	Lynn White	Recommendation is that an existing license be redirected where needed or move timekeeping responsibilities.
18	Clean up all Org Structures for Pilot	30 days	0%	Fri 3/16/07	Fri 4/27/07	9	Mike Perrone,Vicki Reynolds,Karen Jones	
19	Technology	52 days	0%	Wed 3/14/07	Fri 5/25/07			
20	Applications	52 days	0%	Wed 3/14/07	Fri 5/25/07			
21	SAP Development	37 days	0%	Wed 3/14/07	Fri 5/4/07		Cathy Bursch,Lynn White	
22	Final testing and evaluation	15 days	0%	Mon 5/7/07	Fri 5/25/07	21	Cathy Bursch,Tina McGowens	
23	Operations	52 days	0%	Wed 3/14/07	Fri 5/25/07			
24	SAP Security Updates	37 days	0%	Wed 3/14/07	Fri 5/4/07		Jim Culbert,Serge Mabusi,Andrew Ryan	
25	Final testing and evaluation	15 days	0%	Mon 5/7/07	Fri 5/25/07	24	Cathy Bursch,Tina McGowens	
26	Change Management	37 days	0%	Wed 3/14/07	Fri 5/4/07			

APPENDIX C

Project INVEST Payroll SMART Implementation Schedule

ID	Task Name	Duration	% Complete	Start	Finish	Prerequisite Tasks	Resource Names	Comments
27	Personnel	22 days	0%	Wed 3/14/07	Fri 4/13/07			
28	Employee Communication	22 days	0%	Wed 3/14/07	Fri 4/13/07			
29	Identify Communication and Education Team	3 days	0%	Wed 3/14/07	Fri 3/16/07		Karen McCrea,Carolyn Parker	
30	Create communication plan	10 days	0%	Mon 3/19/07	Fri 3/30/07	29	C&E Team	
31	Create communication documents	9 days	0%	Mon 4/2/07	Fri 4/13/07	30	C&E Team	
32	Training	35 days	0%	Fri 3/16/07	Fri 5/4/07			
33	Determine training needs	15 days	0%	Fri 3/16/07	Thu 4/5/07	9	Tina McGowens,Cathy Bursch	Training may also include scheduling SAP training for those who are new.
34	Develop training materials	20 days	0%	Mon 4/9/07	Fri 5/4/07	33	Cathy Bursch,Tina McGowens,SAP Trainers	
35	Final Preparation	30 days	0%	Mon 4/16/07	Fri 5/25/07			
36	Change Management	30 days	0%	Mon 4/16/07	Fri 5/25/07			
37	Personnel	30 days	0%	Mon 4/16/07	Fri 5/25/07			
38	Initial communication sessions	5 days	0%	Mon 4/16/07	Fri 4/20/07		Thresa Giles,Terri Stahlman	Determine one day during this week.
39	Communication Blitz	30 days	0%	Mon 4/16/07	Fri 5/25/07	31	C&E Team	
40	Training	15 days	0%	Mon 5/7/07	Fri 5/25/07			
41	1:1 Training for Timekeepers	15 days	0%	Mon 5/7/07	Fri 5/25/07	21,24	Cathy Bursch,Tina McGowens	
42	Go-Live	122 days	0%	Tue 5/29/07	Wed 11/14/07			
43	Pilot Group	1 day	0%	Tue 5/29/07	Tue 5/29/07	41		Tina will confirm beginning of payroll period.
44	Survey/Feedback/Evaluation	60 days	0%	Wed 5/30/07	Tue 8/21/07	43	All	
45	Determine cost/time savings	60 days	0%	Wed 8/22/07	Tue 11/13/07	44	All	
46	Reassess/recommendation made	1 day	0%	Wed 11/14/07	Wed 11/14/07	45	All	At this time, determination will be made whether to roll-out to entire District.

Pinellas County Schools **MEMO**

February 28, 2006

TO: Members of the School Board of Pinellas County
FROM: Clayton M. Wilcox, Ed.D., Superintendent
RE: Agenda Item: Request Approval of the Investment Portfolio Financial Statements for the Quarter Ended December 31, 2005

RATIONALE:

Continuing investment activities have a positive impact on interest earnings.

ALTERNATIVES:

1. Approve the financial statements.
2. Do not approve the financial statements.

RECOMMENDATION:

Alternative 1 is recommended.

BACKGROUND:

The most recent quarterly unaudited financial statements of the Board's investment activities are included herein. The Board's approval of this approach to investments has resulted in greater investment income than previously obtainable. The format includes comparative information with respect to earnings performance. The actual and Pro Forma information are condensed to facilitate comparisons.

IMPACT STATEMENT:

The Managed Investment Program (MIP) earnings for the quarter ended December 31, 2005 totaled \$1,851,780 after recognizing a negative market value adjustment of \$583,130 (as noted in footnote 2 of the Quarterly Statements). The State Board of Administration potential alternative for the current quarter ended was \$2,679,870. The MIP earnings-to-date, including the Government Accounting Standards Board Statement 31 market value adjustment, have exceeded the potential State Board of Administration by \$16,609,019 (as noted in footnote 3). If the effects of the Government Accounting Standards Board Statement 31 adjustment are excluded from the District's returns, the MIP earnings-to-date have exceeded the State Board of Administration by \$23,001,242.

The December 2005 quarter is the second quarter in a row in which the District's Managed Investment Portfolio has underperformed the SBA by a significant portion. The reasons for this are two-fold. One, the first six months of the year are typically underperforming because cash on hand is at its lowest point during this time frame (it's not until December when the District receives local tax dollars). Second, as short term rates have risen over the past year, the SBA has been able to increase their yield, while the longer term investments of the District remain fixed. District staff and the Investment Oversight Committee feels that this is a temporary condition that will improve by year end (June 2006). There are three reasons that the District's interest earnings will increase over the next six months. One, the District typically has more cash to invest during the second six months of the year than has during the first six months. Second, cash on hand is being invested at current yields and therefore above the SBA yields.

Finally, a significant portion of the new investments are monthly floating rate investments and yields will therefore increase should short term rates continue to rise.

DATA SOURCE:

Lansing K. Johansen, Chief Business Officer
Andrew S. Jacobsen, Manager, Cash & Investments
Investment Oversight Committee (2/7/06)

SUBMITTED BY:

Lansing K. Johansen, Chief Business Officer

attachment

School Board of Pinellas County
Managed Investment Portfolio Statements
Unaudited
December 31, 2005

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School Board of Pinellas County
 Managed Investment Portfolio - Asset Value and Income Statement
 Unaudited
 December 31, 2005

Portfolio Assets	12/31/2005	6/30/2005	
Investment in U.S. Treasury and Agency Securities:			
Investments (securities at market value)	\$382,169,347		\$204,251,923
The Core Fund	15,975,986		25,460,792
Accrued Interest Receivable and Prepaid Interest	1,341,792		904,598
Total U.S. Treasury and Agency Securities	\$399,487,125		\$205,156,521
Cash Investments			
State Board of Administration Trust Pool (SBA)	4,910,638		19,989,872
Money market funds	45,664		94,542
Bank accounts (DDA, MMA & Sweep)	3,758,880		3,306,776
Total Cash Investments	\$8,715,182		\$48,851,982
Total Managed Investment Portfolio Value	\$408,202,307		\$254,008,503
	Quarter Ended	Fiscal Y-T-D	Prior Fiscal Year
	12/31/2005	12/31/2005	6/30/2005
Portfolio Income			
Net increase/(decrease) in fair value of investments - Note 2	(\$683,960)	(\$2,613,563)	(\$245,295)
Interest Revenue			
U.S. Government Securities (includes Accrued Interest)	2,067,035	3,986,402	8,301,247
SBA Trust Pool & MMFs	212,921	388,536	1,480,058
Interest Income from Sweep to MMF - Demand Accounts	255,784	353,681	236,042
Total Managed Investment Portfolio Income	\$1,851,780	\$2,115,057	\$9,772,052
Average Investment Value of Managed Investment Portfolio	\$272,545,751	\$272,503,003	\$358,837,580
Annualized Rate of Return on the Average Managed Investment Portfolio - Page 6	2.70%	1.54%	2.72%
Annualized Pro-Forma Rate of Return on Average Alternative Investment in SBA - Page 7	3.90%	3.48%	2.02%
Total Income (from above)	\$1,851,780	\$2,115,057	\$9,772,052
Proforma Earnings (SBA alternative - Page 7)	\$2,679,870	\$4,777,096	\$7,249,855
Income above/(under) SBA alternative	(\$828,090)	(\$2,662,039)	\$2,522,197

The notes on page 2 are an integral part of this statement.

Managed Investment Portfolio - Notes to Quarterly Statements

Unaudited

Note 1 - Securities Valuation - Portfolio at December 31, 2005

Starting June 30, 1997, Investments are valued at current market value. Prior to August 12, 1992 all cash was invested with the SBA. The Managed Investment Program (MIP) refers to assets actively managed for greater interest and capital gains income, including some amounts held at SBA for proper timing of investment decisions. Amounts at the SBA and money market funds for current needs are referred to as Other Investments, including the SBA. Principal reductions result from accelerated payments made by individual borrowers whose mortgages provide the bases of these securities. These accelerated payments are the result of refinancing mortgages in times when interest rates fall significantly; lower rates resulting in more accelerated principal payments resulting in losses in valuations.

Note 2 - Calculation of Net increase/(decrease) in fair value of investments

The Governmental Accounting Standards Board (GASB) Statement 31 requires that all Governmental entities must adjust the book value of their investment securities to current market value. The amount of the adjustment, positive or negative, will be added to or subtracted from the income for the reporting period. The only securities exempted from this adjustment are: 1) those that have a fixed interest rate and a set maturity date, at purchase, of one year or less, and 2) those that cannot be reasonably priced and are of insignificant value. Investments in money market funds are also exempt. The securities in the District's portfolio that are exempt from GASB Statement 31, are described below. Any securities that are exempt from GASB Statement 31 will continue to appear on the District's books at amortized cost.

The District receives a market value report from a third party vendor each month. On a quarterly basis this report is used to calculate the amount of the market value adjustment. On December 31, 2005 the book value of each security was compared to the market value. The difference for each security was applied to the book value so the new book value matched the current market value. A like adjustment was made to investment income for the quarter.

Currently most of the District's investments meet the requirement for market value adjustment. GNMA Unit Trust #70 is exempt because it is a retail security and, therefore, cannot be priced accurately. In addition, the dollar value of the adjustment for this security would have a negligible effect on the earnings calculation. The District also owns, in varying amounts, other securities that are exempt because they have fixed interest rates and maturities, at purchase, within one year. The District's investment in the SBA and money market funds are also exempt. The table below shows the breakdown of the realized gains and losses and the market value adjustment:

	<u>Quarter Ended 12/31/05</u>	<u>Fiscal Y-T-D 12/31/05</u>	<u>Prior Fiscal Year</u>
Realized Gains/Losses	(100,830)	(100,830)	(1,379,623)
MV Adjustment for Period	(583,130)	(2,512,733)	(3,024,438)
Net Increase/(Decrease) in fair value of investments	<u>(683,960)</u>	<u>(2,613,563)</u>	<u>(4,404,060)</u>

Note 3 - Cumulative Return Over the SBA

For 6 months ending 12/31/05, the MIP, including the GASB 31 adjustment, had a return over the State Board of Administration's (SBA) trust fund of (\$2,662,039). Since August 1992, the MIP has had a cumulative return over the SBA's trust fund of \$16,609,019. If the effects of the GASB 31 adjustment are excluded from the District's returns, the MIP had a return over the fiscal year-to-date SBA's trust fund earnings of (\$149,306) and since August 1992, the MIP has had a cumulative return over the SBA's trust fund of \$23,001,242.

Note 4 - Portfolio Yield Net of GASB 31

In order to demonstrate the effect of GASB Statement 31, this footnote presents the yield of the Managed Investment Program, net of the GASB 31 adjustment. This yield is calculated by subtracting the Net increase/(decrease) in fair value of investments from Total Managed Investment Program income and adding in the Realized Gains/Losses. This calculation ignores the effect of amortization/accretion of premiums/discounts, which will be negligible. For quarter ending 12/31/05, the total MIP income would have been \$2,434,910, and the yield would have been 3.54%. For fiscal year-to-date 12/31/05, the total MIP income would have been \$4,627,790, and the yield would have been 3.37%.

School Board of Pinellas County
Managed Investment Portfolio - Total Investment Value
Unaudited
December 31, 2005

Security Description	Book Value	Market Value	Unrealized Gain/Loss	Prepaid & Accrued Interest	Total Investment Value	Rtg	Mod. Dur.	% of MIP
Federal Agency Coupon Securities								
FHLB 4.25%	4,983,909	4,954,700	(29,209)	84,410	\$5,039,110	Aaa	1.51	
FHLB 4.00%	5,000,000	4,982,800	(17,200)	40,000	\$5,022,800	Aaa	0.53	
FHLB 5.00%	5,015,048	4,990,650	(24,398)	43,750	\$5,034,400	Aaa	0.56	
FHLB 4.51%	5,000,000	4,982,800	(17,200)	28,188	\$5,010,988	Aaa	1.07	
FHLB 4.64%	10,000,000	9,968,800	(31,200)	39,956	\$10,008,756	Aaa	0.88	
FHLMC 2.50%	5,000,000	4,871,900	(128,100)	4,317	\$4,876,217	Aaa	1.17	
FNMA 2.75%	15,000,000	14,684,850	(315,150)	173,021	\$14,857,871	Aaa	1.04	
FHLMC 2.75%	4,000,000	3,920,000	(80,000)	7,500	\$3,927,500	Aaa	0.90	
FHLMC 2.50%	2,950,000	2,900,234	(49,767)	10,817	\$2,911,050	Aaa	0.84	
subtotal	\$56,948,956	\$56,256,734	(\$692,223)	\$431,957	\$56,688,690	Aaa	0.96	13.89%
Federal Agency FR Securities								
FFCB FRN	9,919,818	9,915,200	(4,618)	25,444	\$9,940,644	Aaa	3.73	
FHLB SU	2,488,559	2,483,600	(4,959)	7,500	\$2,491,100	Aaa	3.45	
FHLB SU	4,000,000	3,907,520	(92,480)	333	\$3,907,853	Aaa	2.36	
FNMA SU	6,562,455	6,485,838	(76,617)	79,114	\$6,564,952	Aaa	2.49	
subtotal	\$22,970,832	\$22,792,158	(\$178,674)	\$112,392	\$22,904,550	Aaa	3.11	5.61%
MBS Agency CMOs								
FHR 2469 KL	6,411,258	5,642,902	(768,357)	21,378	\$5,664,279	Aaa	3.58	
FHR 2863 JA	6,387,093	6,199,225	(187,868)	24,057	\$6,223,282	Aaa	3.41	
FHR 1634 PW	613,623	608,903	(4,720)	2,033	\$610,936	Aaa	0.09	
FHR 2935 ZM	463,886	459,693	(4,193)	1,930	\$461,624	Aaa	0.04	
FHR 2999 QZ	2,346,050	2,341,606	(4,444)	8,806	\$2,350,412	Aaa	0.25	
FHR 3040 AZ	2,583,795	2,576,879	(6,916)	11,850	\$2,588,729	Aaa	0.32	
FNR 03-37 PA	158,230	156,162	(2,069)	392	\$156,553	Aaa	0.07	
FNR 04-2 JA	3,563,412	3,516,840	(46,572)	14,875	\$3,531,716	Aaa	3.10	
FNR 04-29 GA	11,578,801	11,016,220	(562,581)	33,682	\$11,049,902	Aaa	2.72	
FNR 03-25 PC	1,956,954	1,929,962	(26,992)	7,279	\$1,937,242	Aaa	0.57	
FNR 05-78 KQ	8,511,304	8,458,050	(53,255)	35,732	\$8,493,781	Aaa	2.26	
FNR 05-31 ZW	543,458	538,919	(4,538)	2,267	\$541,186	Aaa	0.18	
GNR 03-98 KO	5,397,701	5,308,466	(89,235)	22,365	\$5,330,831	Aaa	6.79	
GNR 03-86 AE	1,133,570	1,112,379	(21,190)	3,310	\$1,115,690	Aaa	1.34	
GNR 04-76 JA	5,483,760	5,463,981	(19,779)	22,813	\$5,486,795	Aaa	2.23	
GNR 04-96 QG	18,217,392	17,591,490	(625,901)	64,550	\$17,656,041	Aaa	3.82	
GNR 05-3 JK	4,126,916	4,020,795	(106,121)	17,239	\$4,038,034	Aaa	4.95	
GNR 05-47 CK	10,799,025	10,062,355	(736,670)	40,751	\$10,103,106	Aaa	7.52	
subtotal	\$90,276,230	\$87,004,829	(\$3,271,401)	\$335,308	\$87,340,137	Aaa	3.66	21.40%

School Board of Pinellas County
Managed Investment Portfolio - Total Investment Value
Unaudited
December 31, 2005

Security Description	Book Value	Market Value	Unrealized Gain/Loss	Prepaid & Accrued Interest	Total Investment Value	Rtg	Mod. Dur.	% of MIP
MBS Agency ARMs								
FHLMC #780622	2,595,722	2,550,333	(45,389)	7,548	\$2,557,881	Aaa	1.89	
FHR 3066 FH	10,838,249	10,838,249	0	47,665	\$10,885,914	Aaa	2.25	
FHR 3085 FY	22,000,000	22,000,000	0	95,150	\$22,095,150	Aaa	3.51	
FNR 05-110 KF	9,922,195	9,922,989	794	42,092	\$9,965,081	Aaa	2.84	
subtotal	\$45,356,166	\$45,311,571	(\$44,595)	\$192,455	\$45,504,026	Aaa	2.97	11.15%
MBS Agency Pools								
FHLMC #G90837	8,775,026	8,230,845	(544,181)	25,022	\$8,255,866	Aaa	1.45	
subtotal	\$8,775,026	\$8,230,845	(\$544,181)	\$25,022	\$8,255,866	Aaa	1.45	2.02%
MBS Agency CMO FR								
FHR 3003 KF	9,749,740	9,742,136	(7,605)	20,017	\$9,762,152	Aaa	3.77	
FHR 2988 AF	12,229,647	12,261,157	31,510	25,435	\$12,286,593	Aaa	3.61	
FHR 3066 FG	23,515,290	23,504,073	(11,217)	47,826	\$23,551,899	Aaa	4.66	
FHR 3069 FO	19,899,871	19,980,315	80,444	42,077	\$20,022,393	Aaa	3.28	
FHR 3042 PF	24,700,955	24,398,993	(301,962)	50,874	\$24,449,867	Aaa	4.46	
FNR 05-99 FA	24,897,110	24,828,227	(68,883)	19,378	\$24,847,606	Aaa	4.53	
FNR 05-59 DF	25,135,207	25,078,368	(56,839)	19,196	\$25,097,565	Aaa	4.06	
FNR 05-62 CF	19,836,475	19,578,601	(257,874)	15,303	\$19,593,904	Aaa	4.60	
GNR 04-96 PF	3,202,277	3,201,340	(937)	4,551	\$3,205,891	Aaa	3.86	
subtotal	\$163,166,572	\$162,573,211	(\$593,362)	\$244,658	\$162,817,869	Aaa	4.19	39.89%
Investment Pools & MMFs								
SBA Trust Pool	4,910,638	4,910,638	0	0	\$4,910,638		0.00	
The Core Fund	16,053,435	15,975,986	(77,449)	0	\$15,975,986	Aaa	0.00	
Bank Accts (DDA, MMA & Sweep)	3,758,880	3,758,880	0	0	\$3,758,880		0.00	
Custody MMF	45,664	45,664	0	0	\$45,664	Aaa	0.00	
subtotal	\$24,768,617	\$24,691,168	(\$77,449)	\$0	\$24,691,168	Aaa	0.00	6.05%
Managed Investment Program	\$412,262,401	\$406,860,515	(\$5,401,886)	\$1,341,792	\$408,202,307		3.13	100.00%

School Board of Pinellas County
Managed Investment Portfolio - Annualized Rate of Return
Unaudited
December 31, 2005

	Quarter Ending 12/31/2005	Fiscal Y-T-D 12/31/2005	Prior Fiscal Year 6/30/2005
Average Investment	\$272,545,751	\$272,503,003	\$358,837,580
<i>Total Investments and previous earnings</i>	\$406,350,527	\$406,087,250	\$248,395,216
Net Increase/(Decrease) in fair value of investments	<u>(683,960)</u>	<u>(2,613,563)</u>	<u>(4,404,060)</u>
Interest Earned:			
Collected:			
Securities	2,067,035	3,986,402	8,301,247
SBA Trust Pool & MMFs	212,921	388,536	1,480,058
Income from Sweep to MMF - Demand Accs	255,784	353,681	236,042
Total Interest Earned	<u>\$2,535,740</u>	<u>\$4,728,620</u>	<u>\$10,017,347</u>
Total Managed Investment Portfolio Earnings	<u>\$1,851,780</u>	<u>\$2,115,057</u>	<u>\$5,613,287</u>
Total Managed Investment Portfolio Value	<u>\$408,202,307</u>	<u>\$408,202,307</u>	<u>\$254,008,503</u>
ANNUALIZED RATE OF RETURN	<u>2.70%</u>	<u>1.54%</u>	<u>2.72%</u>

School Board of Pinellas County
 Managed Investment Portfolio - Proforma Annualized Rate of Return
 Unaudited
 December 31, 2005

PROJECTED ALTERNATIVE INVESTMENT IN SBA

	Quarter ending 12/31/2005	Fiscal Y-T-D 12/31/2005	Prior Fiscal Year 6/30/2005
Average Investment	272,545,751	272,503,003	358,837,580
Proforma Interest Earnings:			
Period Accumulation		2,097,226	7,249,855
10/31/2005	740,625	740,625	0
11/30/2005	746,480	746,480	0
12/31/2005	1,192,764	1,192,764	0
Total Proforma Interest Earnings	<u>\$2,679,870</u>	<u>\$4,777,096</u>	<u>\$7,249,855</u>
ANNUALIZED RATE OF RETURN	<u>3.90%</u>	<u>3.48%</u>	<u>2.02%</u>

School Board of Pinellas County
 Managed Investment Portfolio - Risk Disclosures
 Unaudited

Credit Risk

	Market Value	Average Rating
Federal Agency Coupon Securities	\$56,256,734	Aaa
Federal Agency Discount Securities	\$0	Aaa
MBS Agency CMOs	\$43,445,361	Aaa
MBS Agency ARMs	\$45,311,571	Aaa
MBS Agency Pools	\$8,230,845	Aaa
Federal Agency FR Securities	\$185,365,369	Aaa
Investment Pools & MMFs	\$19,780,529	Aaa
Unrated Investments	\$4,910,638	
Exempt Investments	\$43,559,467	
Totals	\$406,860,515	

Securities in the Unrated category include the SBA's Local Government Investment Pool. At this time the SBA does not publish a credit risk rating on this pool. Securities in the Exempt category include U.S. Government obligations and obligations with an explicit U.S. Government guarantee. For the most part, the District's Investment Policy (7.24) only permits investments in government and agency bonds. These bonds are either explicitly or implicitly rated "Aaa". For this reason, the Investment Policy does not separately address credit risk. The Manager, Cash & Investments is allowed to invest up to 5% of the total portfolio value in bonds that are not otherwise permitted under the Investment Policy. It is possible for such investments to have a rating other than "Aaa".

Concentration of Credit Risk

	FHLMC	FHLB	FNMA	FFCB
Federal Agency Coupon Securities	2.87%	7.34%	3.61%	0.00%
Federal Agency Discount Securities	0.00%	0.00%	0.00%	0.00%
MBS Agency CMOs	4.38%	0.00%	6.30%	0.00%
MBS Agency ARMs	8.70%	0.00%	2.44%	0.00%
MBS Agency Pools	2.02%	0.00%	0.00%	0.00%
Federal Agency FR Securities	22.09%	1.57%	18.67%	2.44%
Totals	40.07%	8.91%	31.02%	2.44%

Exempt Securities - Percent of Total Market Value

Exempt Securities 17.56%

Securities exempt from Concentration of Credit Risk disclosure include U.S. Government obligations and obligations with an explicit U.S. Government guarantee, also exempted are external investment pools and MMF investments. For the most part, the District's Investment Policy only permits investments in government and agency bonds. The issuers of these bonds have either an explicit or implicit guarantee of principal from the U.S. Government. For this reason, the Investment Policy does not separately address concentration of credit risk. The Manager, Cash & Investments is allowed to invest up to 5% of the total portfolio value in bonds that are not otherwise permitted under the Investment Policy. The consolidation risk of these investments is, at most, 5%.

Interest Rate Risk

	Market Value	Modified Duration
Federal Agency Coupon Securities	\$56,256,734	0.96
Federal Agency Discount Securities	\$0	0.00
MBS Agency CMOs	\$87,004,829	3.66
MBS Agency ARMs	\$45,311,571	2.97
MBS Agency Pools	\$8,230,845	1.45
Federal Agency FR Securities	\$185,365,369	4.06
Investment Pools & MMFs	\$24,691,168	0.00
Exempt Investments	\$0	
Total	\$406,860,515	3.13

School Board of Pinellas County
Managed Investment Portfolio - Risk Disclosures
Unaudited

Interest Rate Risk (cont'd)

The District's Investment Policy requires the average duration of the portfolio to be less than five years. It also requires the duration of any one particular security be less than eight years.

Modified Duration

Modified duration of a security expresses the amount of time in years until the principal is returned. This calculation takes into account the coupon rate, interest and principal payment frequency, call options, and sensitivity of price to changes in interest rates. Factors that extend the return of principal, or make it more time uncertain, increase the duration. Factors that quicken the return of principal, or make it more time certain, decrease the duration. Duration will also change as the level of interest rates in the economy rise and fall. With the current level of interest rates, the above table indicates that the District will receive 100% of invested principal in 3.13 years, or 37.51 months.

Floating/Adjustable Interest Rate Risk

The District currently has \$230,676,940 invested in securities with floating or adjustable interest rate risk. \$2,888,171 is invested in a 3 year/1 year ARM pool. The interest rate will reset on 9/1/05 and each year thereafter. \$9,702,500 is invested in "step-up" bonds. The coupons on these bonds will increase at set intervals until maturity. The current coupon is 3% and will rise to 6% and 6 1/4% by 6/30/08. These bonds are also callable and may be redeemed on any interest payment date.

Call Option Risk

There are three types of call options, "one-time" calls, "discrete" calls and "continuous" calls. These are listed in order of increasing risk. A one-time call means that at one specified time before maturity the issuer of a bond has the option to call the bond, or buy it back from investors. A discrete call means that at specific times, usually either quarterly or semi-annually, before maturity, the issuer can call the bond. A continuous call means that starting at a specified point in time, usually an interest payment date, and at any time thereafter, up to the maturity date, the issuer can call the bond.

Currently the District has \$14,173,075 invested in callable bonds. These bonds have discrete calls. The call dates on these bonds are either quarterly or semi-annually and range from 11/13/05 to 9/30/08.

MBS Prepayment Risk

There are two types of Mortgage-Backed Securities (MBSs) in which the District invests. Agency pools are collections of mortgages in which the investor receives the principal and interest payments in the same proportion as the homeowner pays them. CMO bonds are backed by mortgages, however, the principal paydown of the bond has been altered to be either more or less time certain than the underlying mortgages.

MBSs have a unique type of "call" risk, in that homeowners may opt to prepay their mortgage at any time. While there are many factors which determine whether a homeowner will prepay their mortgage, one of the most significant is the level of interest rates. When rates fall it is more advantageous to the homeowner to refinance their mortgage to a lower rate. When rates rise, this type of prepayment will decrease.

The District's CMO bonds range in duration from 0.04 years to 7.52 years. The District's MBS pool investments range in duration from 1.45 years to 2.84 years.

APPENDIX E

Project INVEST Investments Oversight Implementation Schedule

ID	Task Name	Duration	% Complete	Start	Finish	Prerequisite Tasks	Resource Names	Comments
0	Project INVEST Investments Oversight Implementation Schedule	138 days	20%	Wed 1/17/07	Tue 7/31/07			
1	Initiation and Planning	64 days	35%	Wed 1/17/07	Tue 4/17/07			
2	Research cash flow projection models	25 days	80%	Wed 1/17/07	Tue 2/20/07		Mike Hethington	
3	Gather data for first Cash Flow Analysis	6 days	100%	Wed 2/21/07	Wed 2/28/07	2	Mike Hethington	
4	Review format of Pinellas County report	5 days	100%	Tue 2/13/07	Mon 2/19/07		Mike Hethington	
5	Final Report Submitted	0 days	0%	Tue 3/27/07	Tue 3/27/07			
6	Identify pool of internal and external resources available to serve on Oversight Committee and communicate background information	15 days	0%	Tue 3/13/07	Mon 4/2/07		Project INVEST Task Force Members, Stephen Bright, Thresa Giles	
7	Issue invitations to serve on Oversight Committee	5 days	0%	Tue 4/3/07	Tue 4/10/07	6	Superintendent, Board	
8	Final Investment Oversight Committee determined	5 days	0%	Wed 4/11/07	Tue 4/17/07	7	Superintendent, Board	
9	Determine appropriate format for DCPS Quarterly Report	10 days	0%	Tue 3/13/07	Mon 3/26/07		Mike Hethington, Cindy Hill, Stephen Bright	
10	Determine most valuable and informative cash flow format	10 days	0%	Tue 3/13/07	Mon 3/26/07		Mike Hethington, Cindy Hill, Stephen Bright	
11	Solicit feedback from Superintendent and CBO	2 days	0%	Tue 3/27/07	Wed 3/28/07	10	Superintendent, Thresa Giles	
12	Finalize Quarterly Report and Cash Flow Analysis formats	5 days	0%	Thu 3/29/07	Wed 4/4/07	11	Mike Hethington, Cindy Hill, Stephen Bright	
13	Execution	17 days	0%	Mon 4/2/07	Wed 4/25/07			
14	Gather data for first Quarterly Report	5 days	0%	Mon 4/2/07	Mon 4/9/07		Mike Hethington	
15	Prepare draft Quarterly Report for review and comment	2 days	0%	Tue 4/10/07	Wed 4/11/07	14,12	Mike Hethington	
16	Adjust Quarterly Report based on feedback from internal review	10 days	0%	Thu 4/12/07	Wed 4/25/07	15	Mike Hethington, Stephen Bright, Cindy Hill	Review to include Superintendent and Thresa Giles.
17	Quarterly Report Completed	0 days	0%	Wed 4/25/07	Wed 4/25/07	16		
18	Cash Flow Analysis Completed	0 days	0%	Wed 4/25/07	Wed 4/25/07	16		
19	Final Preparation	7 days	0%	Wed 4/18/07	Thu 4/26/07			
20	Schedule first Oversight Committee meeting	7 days	0%	Wed 4/18/07	Thu 4/26/07	8	Project Invest Committee	
21	Go-Live	14 days	0%	Thu 4/26/07	Tue 5/15/07			
22	Provide first Quarterly Report to identified audience	1 day	0%	Thu 4/26/07	Thu 4/26/07	17	Mike Hethington	
23	Provide first Cash Flow Analysis to identified audience	1 day	0%	Thu 4/26/07	Thu 4/26/07	18	Mike Hethington	

APPENDIX E

Project INVEST Investments Oversight Implementation Schedule

ID	Task Name	Duration	% Complete	Start	Finish	Prerequisite Tasks	Resource Names	Comments
24	Convene Oversight Committee for first meeting	1 day	0%	Fri 5/11/07	Fri 5/11/07	22FS+10 days,23FS+ days	Investments Oversight Committee	
25	Identify audience to receive Quarterly Report and Cash Flow Analysis	2 days	0%	Mon 5/14/07	Tue 5/15/07	24	Investments Oversight Committee	
26	Closure, Handoff & Support	56 days	0%	Mon 5/14/07	Tue 7/31/07			
27	Provide read-out of Oversight Committee's discussion and recommendations	5 days	0%	Wed 5/16/07	Tue 5/22/07	24,25	Investments Oversight Committee	
28	Assign outputs of Oversight Committee meeting to appropriate resources	5 days	0%	Mon 5/14/07	Fri 5/18/07	24	Investments Oversight Committee	
29	Provide update to the Board on Oversight Committee meeting, Quarterly Report, and Schedule on-going Oversight Committee meetings	1 day	0%	Tue 7/10/07	Tue 7/10/07		Mike Hethington	10th of month following the end of the Quarter
30	Schedule on-going Oversight Committee meetings	15 days	0%	Wed 7/11/07	Tue 7/31/07	29	Investments Oversight Committee	
31	Provide calendar for distribution of Quarterly Reports and Cash Flow Analyses	15 days	0%	Wed 7/11/07	Tue 7/31/07	29	Mike Hethington	

APPENDIX F

Estimated TAN Costs and Income

<u>Series</u>	<u>Maturity</u>	<u>Issue Amount</u>	<u>(1) Cost to Issue</u>	<u>Net Interest Rate on Tan</u>	<u>Net Interest Cost</u>	<u>Current SBA Yeild</u>	<u>Interest Earned Difference</u>
DCPS FYE 2008 TAN	10/1/2008	45,000,000	47,000	4.00%	1,800,000	5.30%	585,000

(1) Costs include fees for Bond Buyer, Bond and Note Counsel, Financial Advisory Services, Rating Services, Investment Advisory Services and Printing Services.

APPENDIX G

Project INVEST Investments TAN Implementation Schedule

ID	Task Name	Duration	% Complete	Start	Finish	Prerequisite Tasks	Resource Names	Comments
0	Project INVEST Investments TAN Implementation Schedule	466 days	8%	Wed 1/17/07	Fri 10/31/08			
1	Initiation and Planning	148 days	27%	Wed 1/17/07	Tue 8/14/07			
2	Contact Leif Chase, Financial Advisor	1 day	100%	Wed 1/17/07	Wed 1/17/07		Mike Hethington	
3	Provide definition and calculation of TAN capacity, including other District examples	10 days	100%	Wed 1/17/07	Tue 1/30/07		Leif Chase	
4	Final Report Submitted	0 days	0%	Tue 3/27/07	Tue 3/27/07			
5	Provide Cash Flow and all requested document to Leif Chase and John Stokes	10 days	0%	Wed 7/18/07	Tue 7/31/07		Mike Hethington, Cindy Hill	
6	Determine TAN capacity	10 days	0%	Wed 8/1/07	Tue 8/14/07	5	Mike Hethington, Steve Bright, Cindy Hill	
7	Put together TAN program	10 days	0%	Wed 8/1/07	Tue 8/14/07	5	Leif Chase	Program will run October through September each year.
8	Execution	35 days	0%	Wed 8/15/07	Tue 10/2/07			
9	Develop Bid proposal	8 days	0%	Wed 8/15/07	Fri 8/24/07	6,7	Mike Hethington, Larry Ganger	
10	Bid out TAN program between banks	10 days	0%	Mon 8/27/07	Fri 9/7/07		Larry Ganger	Bid will be T&C only.
11	Documentation on bid results	1 day	0%	Mon 9/10/07	Mon 9/10/07		Larry Ganger, Leif Chase, John Stokes	
12	Bids evaluated	1 day	0%	Tue 9/11/07	Tue 9/11/07	11		Individuals on Banking Bid. Leif in case SunTrust doesn't bid.
13	Workshop with Board	1 day	0%	Tue 9/18/07	Tue 9/18/07			
14	Negotiate with winning bidder	14 days	0%	Wed 9/12/07	Mon 10/1/07		Larry Ganger	
15	Award contract	1 day	0%	Tue 10/2/07	Tue 10/2/07	14	Board	
16	Final Preparation	3 days	0%	Wed 10/3/07	Fri 10/5/07			
17	Set up reserve	3 days	0%	Wed 10/3/07	Fri 10/5/07	15	Mike Perrone	
18	Go-Live	0 days	0%	Fri 10/5/07	Fri 10/5/07			
19	Receive funds	0 days	0%	Fri 10/5/07	Fri 10/5/07	17	Winning Bank	
20	Closure, Handoff & Support	55 days	0%	Mon 8/18/08	Fri 10/31/08			
21	Revolving process	50 days	0%	Mon 8/18/08	Fri 10/24/08			Begin again for 2008.
22	Lump sum payment	1 day	0%	Fri 10/31/08	Fri 10/31/08		Mike Perrone, Mike Hethington	

APPENDIX H

Project INVEST Investments SPIA Implementation Schedule

ID	Task Name	Duration	% Complete	Start	Finish	Prerequisite Tasks	Resource Names	Comments
0	Project INVEST Investments SPIA Implementation Schedule	146 days	1%	Wed 1/17/07	Fri 8/10/07			
1	1 Initiation and Planning	49 days	99%	Wed 1/17/07	Tue 3/27/07			
2	1.1 Gather information about beginning SPIA investment	1 day	100%	Wed 1/17/07	Wed 1/17/07		Mike Hethington	
3	1.2 Final Report Submitted	0 days	0%	Tue 3/27/07	Tue 3/27/07			
4	2 Execution	82 days	0%	Thu 1/18/07	Mon 5/14/07			
5	2.1 Create proposal for SPIA Investment	19 days	0%	Thu 1/18/07	Tue 2/13/07	2	Stephen Bright, Mike Hethington, Cindy Hill	
6	2.2 Approval by Oversight Committee	10 days	0%	Tue 5/1/07	Mon 5/14/07		Investments Oversight Committee	Meeting to be scheduled during month of May.
7	3 Final Preparation	8 days	0%	Tue 5/15/07	Thu 5/24/07			
8	3.1 Determine Investment timing criteria and establish guidelines for moving funds in and out of SPIA	2 days	0%	Tue 5/15/07	Wed 5/16/07	6	Mike Hethington, Mike Gleason	Date to be escalated once Investments Oversight Committee meeting date in May is known.
9	3.2 Mail in SPIA Application to Florida Department of Treasury and verify establishment of account and passwords	6 days	0%	Thu 5/17/07	Thu 5/24/07	8	Mike Hethington	
10	4 Go-Live	2 days	0%	Fri 5/25/07	Tue 5/29/07			
11	4.1 Wire funds to person/organization for investment	1 day	0%	Fri 5/25/07	Fri 5/25/07	9	Mike Hethington	
12	4.2 Confirm fund receipt and investment	1 day	0%	Tue 5/29/07	Tue 5/29/07	11	Mike Hethington	
13	5 Closure, Handoff & Support	63 days	0%	Tue 5/15/07	Fri 8/10/07			
14	5.1 Monitor performance and provide information for Quarterly Report and Cash Flow Analysis	30 days	0%	Tue 5/15/07	Tue 6/26/07	6	Mike Hethington	This task will be ongoing in perpetuity.
15	5.2 Revolving process based on recommendation from Oversight Committee	30 days	0%	Mon 7/2/07	Fri 8/10/07	6	Investments Oversight Committee	The Investments Oversight Committee will meet quarterly on an on-going basis.

Walter P. Bussells
Project INVEST, Co-Chairman

Walter (Walt) Bussells was born and raised in Jacksonville and attended Duval County Public Schools from 1st grade until graduation from Robert E. Lee High School in 1967. Currently, he is a private investor and consultant. Mr. Bussells retired as CEO and Managing Director of JEA in 2004 after 29 years. He led strategy development and execution for this \$1 billion annual revenue utility that is one of the fastest growing in America. After retiring, he spent a year as the Managing Director of ERGON Capital where he led investment research in the energy, transportation and retailing industries.

Professional Experience:

- Private Investor and Consultant
 - Managing Director, ERGON Capital
- Jacksonville Electric Authority
 - CEO and Managing Director
 - Deputy Managing Director
 - Chief Financial and Administrative Officer
 - Internal Auditor and Accountant
- American Century Mortgage Investors, Staff Accountant

Education/ Certifications:

- BS in Accounting, University of North Florida
- Six Sigma Green Belt Certification
- Seven Habits of Highly Effective People, Certified Facilitator

Community Involvement:

- United Way of Northeast Florida, Chairman
- Jacksonville Regional Chamber of Commerce
 - Chairman, Cornerstone Economic Development Recruitment Division
- YMCA Metro Board of Directors, Chairman
- City of Jacksonville's Task Force for Budgetary Efficiency, Chairman
- Mayor Peyton's Transition Committee, Chairman

Why did you participate in this project?

"I was asked by a man whom I admire, Preston Haskell, to provide leadership of this group and to develop recommendations that would create more efficiency of the business operations of the school district. The goal was always to enable the dollars saved and earned to be redirected closer to the students and the teachers."

What do you believe/hope the outcomes of this work will be?

"I have a passion for the improvement of education for all students in the Duval County school district. Every dollar that is directed closer to the classroom enhances the District's opportunities for fulfilling its goal of providing quality educational resources to all of its students. I hope other groups will be formed, utilizing partnerships with the business community, to study other opportunities for improvement."



Thresa A. Giles
Project INVEST, Co-Chairman
Chief Business Officer

Thresa A. Giles has been the Chief Business Officer for the Duval County Public Schools since April 2006. Mrs. Giles has been instrumental in providing leadership and professional development to senior management for financial planning and procedures. She continues to seek opportunities to increase the efficiencies in financial resources as well as seeking opportunities to increase financial funding for student achievement throughout the district. Mrs. Giles has served on many committees for finance including the Duke University Institute of Executive Leaders. She has four children in the Duval County public schools.

Professional Experience:

- State of Delaware, Financial Management Specialist
- State of Delaware, Christina District
 - Chief Financial Officer
 - Interim Superintendent (trio)

Education/Certification:

- MBA with emphasis in Statistical Management, Wilmington College
- BS in Accounting, Murray State University
- Certification in Payroll Management, Villanova University
- Certification in Government Financial Management, American Management Association
- Certification in Statistical Financial Management, American Management Association
- Pursuing a Doctoral Degree in Education Leadership and Management

Professional Affiliations:

- American Association of School Administrators
- American Association of School Business Officers
- Florida Association of School Business Officers

Community Involvement:

- Alpha Kappa Alpha
- HOST Mentor

APPENDIX I



Jay Alligood

Director of Internal Audit

Jay Alligood is currently employed as the Director of Internal Audit for Blue Cross Blue Shield of Florida. Mr. Alligood has been in the Internal Audit Department for seven years where he also served two years as the Director of Technology Audit. As Director of Internal Audit, he is responsible for the financial, operational, compliance and IT audits performed at BCBSF.

Professional Experience:

- Blue Cross Blue Shield of Florida
 - Director, Internal Audit
 - Director of Technology Audit
- PricewaterhouseCoopers, Senior Associate

Education/Certifications:

- MS in Accounting, University of Florida
- BS in Accounting, University of Florida
- Certified Public Accountant
- Certified Internal Auditor
- Certified Information Systems Auditor

Professional Affiliations:

- Information Systems Audit and Control Association
 - President of Jacksonville Chapter, 2 years
- Institute of Internal Auditors

Community Involvement:

- Gator Bowl Committee Member

Why did you participate in this project?

"I felt that this was a great opportunity to help our public school system. Growing up with parents who were educators, I realize the challenges presented to the public school system. This project provided a way for me to give back to our local schools utilizing my professional experience."

What do you believe/hope the outcomes of this work will be?

"Our primary goal was to identify improvement opportunities that would move district resources closer to the classroom where they would have the most impact on students."

Shands Jacksonville

Michael Gleason *Controller*

Michael (Mike) Gleason is in his fifth year as the Controller for Shands Jacksonville, a large academic medical center with annual gross revenues in excess of \$1.4 billion. He has over 14 years of experience in health care finance. As Controller, Mr. Gleason is responsible for the majority of the finance functions within the hospital, including financial reporting, treasury management, audit, accounts payable, taxes and payroll. In addition, he plays a key role in the managed care activities for both Shands and the University of Florida College of Medicine. Mike joined the UF and Shands joint managed care department in early 1998 as Director of Operations and Finance.

Professional Experience:

Shands Jacksonville, Controller, Finance & Accounting
Humana, Director of Finance
American Liberty Insurance, Senior Accountant

Education:

BS in Accounting, University of Florida

Professional Affiliations:

Health Care Financial Management Association
American Association of Integrated Delivery Systems

Community Involvement:

JaxCare, Inc., Finance Committee
United Way, Leadership Circle
Children's Miracle Network, Community Health Charities and multiple other charities throughout the hospital

Why did you participate in this project?

"I chose to participate due to my extremely strong belief in the public education system and a desire to give back to the community."

What do you believe/hope the outcome of this work will be?

"It is my hope that the deliverables produced by the Project INVEST Task Force will generate additional revenues and cost savings as well as strengthened financial controls for the Duval County Public Schools. This will in turn help to enable the schools to improve the quality of the education delivered to the children and enhance the educational opportunities for the students of our community."

APPENDIX I



John Kennett

Vice President, Treasurer and Chief Investment Officer

John Kennett presently serves as Vice President, Treasurer and Chief Investment Officer of Blue Cross Blue Shield of Florida. He joined BCBSF over 30 years ago and was appointed Treasurer in 2005. Mr. Kennett provides overall leadership for investment management, cash management and bank relationships. He is also responsible for investment strategy development for BCBSF's \$3 billion investment portfolio, is a member of the Internal Investment committee and provides support to the Board of Directors' Finance Committee.

Professional Experience:

Blue Cross Blue Shield of Florida

- Vice President, Treasurer and Chief Investment Officer
- Vice President and Chief Investment Officer
- Director of Treasury
- Manager of Treasury
- Corporate Cash Manager
- Senior Accountant
- Junior Accountant

Education/Certifications:

BS in Business Administration in Accounting, University of North Florida
Certified Treasury Professional (CTP)
Chartered Financial Analyst (CFA) charter holder

Community Involvement:

Jacksonville Regional Chamber of Commerce, Finance Committee

Why did you participate in this project?

"I believe that education is one of the most important factors that will contribute to the success of our children. Accordingly, I believe that every child should have access to high quality education through the public school system. As a father of four children and a life-long resident of the Jacksonville vicinity, the Duval County Public School system is extremely important to me. Participating with Project INVEST was a perfect opportunity for me to utilize the knowledge and skills I have acquired during my career to make a contribution to this very important cause."

What do you believe/hope the outcome of this work will be?

"I hope that we will be successful in developing a number of recommendations that will generate administrative expense savings and additional investment income that can be used to add substantial resources to the classrooms of the Duval County Public Schools."

Bank of America



Higher Standards

Eduardo (Eddie) Ponce

First Vice President, SunTrust Bank

Former Senior Vice President Treasury Sales, Bank of America

Eduardo (Eddie) Ponce served as Senior Vice President of Treasury Sales with Bank of America until March 2007. He has since joined SunTrust Bank as First Vice President. He has over 17 years of banking and finance related experience with consistently increasing responsibilities in sales, leading teams, staff training, customer needs analysis, presentations, negotiation skills, program development and product implementation.

Professional Experience:

SunTrust Bank, First Vice President

Bank of America

- Senior Vice President, Treasury Sales
- Vice President Project/Implementation Manager

Barnett Bank

- AVP Corporate Quality Manager
- Customer Service Manager
- Branch Operations Manager

GE Capital, Client Service Manager

Flight Instructor

Sports Unlimited, Sales Representative

US Air Force, Jet Engine Mechanic

Education/Certifications:

BS in Business Administration, University of Phoenix

GE's Management Development Program, Crotonville, NY

Multi Engine Commercial Rated Flight Instructor

Fluent in Spanish

Community Involvement:

Association for Financial Professionals

Julington Creek Athletic Association

Why did you participate in this project?

"Having a child in the Jacksonville Public School System, I wanted to be a part of a team that could assist the School Board to find ways of putting more money and talent back in to the schools."

What do you believe/hope the outcome of this work will be?

"My hopes are that our work does find those valuable funds and that we are able to send those funds back into the schools. I also hope that the success in this project will carry over into other school processes."

APPENDIX I

COACH

John Stagliano

Director of Operations Finance

John Stagliano is the Director of Operations Finance for Coach's Global Distribution and Customer Service Center in Jacksonville. He has been in this role for 14 months. Mr. Stagliano has over fifteen years of financial management experience in distribution, manufacturing, sales and marketing. He has three children, who are attending or have attended Duval County Public Schools. His wife, Laura, is a Speech Language Pathologist at Hogan Spring Glen Elementary where she was recently chosen as Teacher of the Year.

Professional Experience:

Coach Inc., Director of Operations Finance

Proctor & Gamble

- Regional Manager, Global Internal Audit, OH
- Regional Sales Finance Manager, Jacksonville, FL
- Controller, N.A. Feminine Care Products, OH
- Finance Manager, Pampers and Always Brands, OH
- Cost analyst, Diaper Category, OH
- Accounting Manager, GA

Vanderbilt University, Naval Science Instructor

Naval Flight Officer, San Diego, CA.

Education/Certifications:

MBA, Owen Graduate School of Management, Vanderbilt University

BS, United States Naval Academy

Certified Internal Auditor

Community Involvement:

Youth Soccer Coach

First Coast Soccer Association

Albany Christian Church – Youth group leader, Deacon

Lakota Christian Church – Finance Chairman, Adult Bible Study Leader

Christ's Church Mandarin – Marriage Ministry Leader, Adult Bible Study Leader, Mission Team member to Mexico

Why did you participate in this project?

"I believe strongly that we as individuals and as business enterprises have an obligation to give back to the local community. I was excited at the opportunity to bring my business and leadership experience to benefit the DCPS system and I am thankful for the support of my employer."

What do you believe/hope the outcome of this work will be?

"It is my hope that the recommendations presented will be successfully implemented and the ultimate goal of redirecting funds closer to the classroom is realized. I also hope that this success will result in further development of the Tier 2 recommendations and stimulate additional partnerships with the local business community to address future opportunities."



Stephen Bright

Senior General Director of Business Services

Stephen Bright serves as Senior General Director of Business Services for the Duval County Public Schools. He is responsible for the oversight of accounts payable, accounting, payroll and cash management. His duties also include developing plans and assigning work, reviewing department operations for effectiveness and efficiency, establishing and maintaining internal controls and accurate financial recording and reporting. Mr. Bright is in charge of implementing District strategic goals and commitments, as well as interpreting programs, policies and procedures relating to the District's financial matters.

Professional Experience:

Duval County Public Schools – 23 years

- Senior General Director of Business Services – Current
- Supervisor, Internal Controls
- Budget Director
- Supervisor of Capital Projects Accounting
- Internal Auditor

Prior to DCPS worked in private industry and family business

Education/Certifications:

MS in Administration, Central Michigan University

BA in Business Administration, University of North Florida

Certified Public Accountant (CPA)

Certified Internal Auditor (CIA)

Professional Affiliations:

Institute of Internal Auditors (IIA)

American Institute of Certified Public Accountants (AICPA)

Florida Institute of Certified Public Accountants (FICPA)



Lisa Chason

Technical Manager, Accounts Payable

As Technical Manager, Lisa Chason supervises and directs daily operations of the Accounts Payable Department, including work schedules for 17 staff members. She is responsible for production work flows and deadlines. Ms. Chason is also accountable for ensuring prompt and accurate payments to vendors in accordance with state guidelines. Last year, Accounts Payables processed approximately 80,000 invoices totaling \$700 million. Additionally, Ms. Chason oversees the validation and mailings of 1099s annually and facilitates fiscal year-end closings.

Professional Experience:

Duval County Public Schools – 18 years

- Acting Accounts Payable Supervisor
- Technical Manager, Accounts Payable
- Technical Manager, Payroll Accounting
- Accountant I
- Senior Account Technician
- Account Clerk

Allstate Insurance Company, Senior Accountant

Education/ Certifications:

AA, Florida Community College of Jacksonville

BA in Business Programs, Franklin University

Professional Affiliations:

International Accounts Payable Professionals

HOST Mentor



Myrick (Mike) J. Hethington

Coordinator, Cash Management/Investments

Mike Hethington supervises the Technical Manager of Cash and is responsible for ensuring that the District's daily cash needs are funded in a timely and appropriate manner. This process involves the daily monitoring of six bank and four investment accounts with a cumulative average balance of over \$400 million. It also includes the oversight of related calculation of the District's daily cash position based on cash needs and funding resources for that day. In addition, Mr. Hethington is responsible for cash flow projections, investment reporting, and debt accounting for the District.

Professional Experience:

Duval County Public Schools – 12 years

- Coordinator, Cash Management and Investments
- Technical Manager, Cash
- Accountant II, Capital Assets
- Accountant I/II, Payroll Deductions

Prior to DCPS, worked in private industry for 20 years

Education/Certifications:

BA in Accounting, University of South Florida

BA in Finance, University of South Florida

Life Management Institute (FLMI), Fellow



Cynthia (Cindy) D. Hill
Director of Business Services

As Director of Business Services, Cyndi Hill's primary responsibility is the oversight of accounts payable, payroll, accounting, and cash management areas in the Business Services Department. She directly supervises five staff members and is also responsible for the coordination of yearly audits and financial reporting for the District and complying and staying current on Florida Statutes, State Board Rules, School Board Rules, and accounting/financial regulations.

Professional Experience:

Duval County Public Schools, Director of Business Services
Virginia Beach Public Schools, Accounting Coordinator
Bristol Virginia Public Schools, Director of Finance
Tazewell County Public Service Authority, Comptroller
Private industry, 2 years

Education/Certification:

BS in Business and Public Administration, specializing in Accounting,
University of Virginia at Wise
Certified Public Accountant (CPA)

Professional Affiliations:

Florida School Finance Officers Association (FSFOA)
▪ District II Director
Government Finance Officers Association (GFOA)
Association of School Business Officials International (ASBO)
Virginia Society of Certified Public Accountants (VSCRA)
▪ Past Board of Directors
Virginia Society of Certified Public Accountants, Highlands Chapter
▪ Past President



Karen McCrea

Project Manager, Technology Services

Karen McCrea serves as Project Manager for all divisions reporting to the Chief Business Officer (CBO). She oversees departmental projects, including the District's ERP application, and ensures optimal communication between the CBO and Technology Services. Ms. McCrea leads cross-functional teams of up to 20 members. She is responsible for the successful implementation of new applications and modifications to existing tools. She also supports project management initiatives which include training staff in Project Management concepts, the Microsoft Project application, and the Project Server collaboration tool.

Professional Experience:

Duval County Public Schools, Project Manager, Technology Services Division

Convergys

- Senior Project Manager
- Business Requirements Analyst
- Quality Assurance Manager

Wellspring Resources (now CitiStreet)

- Business Operations

State Street Global Advisors, Minneapolis

- Business Operations

Education/Certifications:

MBA, University of North Florida

MS in Convention and Meeting Management, Western Illinois University

BS in Business Administration, Minnesota State University, Mankato

Project Management Professional (PMP)

Professional Affiliations:

Project Management Institute (PMI)

**Tina McGowens***Payroll Supervisor*

As Payroll Supervisor, Tina McGowens supervises 29 staff members and provides oversight of the day-to-day functions of the Payroll Department and bi-weekly payroll for District employees. She is responsible for ensuring SAP payroll transactions are functioning properly and up-to-date in accordance with State and Federal rules and regulations. Ms. McGowens is also accountable for the timeliness and accuracy of Florida Retirement System contributions, and unemployment, withholding and FICA taxes that culminate in the annual process of generating W-2s for all DCPS employees.

Professional Experience:

Duval County Public Schools – 22 years

- Payroll Supervisor
- Payroll and Benefits Team Leader
- SAP Upgrade Team
- Payroll Lead, SAP Implementation
- Assistant Payroll Supervisor
- Benefits Accountant

Education/Certifications:

BS in Business Administration/Accounting, University of Southern Maine
Certified Payroll Professional (CPP), American Payroll Association

Professional Affiliations:

American Payroll Association

- National Member
- Jacksonville Chapter Member



Carolyn F. Parker

General Director of Business Services

As General Director of Business Services, Carolyn Parker has recently refocused her responsibilities to strategic planning and implementation of business related software applications. The responsibility is co-shared with a colleague from the Technology Division. The marriage of technology and functional business knowledge will provide a stronger understanding and knowledge base to facilitate moving the District forward while targeting improvement of processes and lowering functional business costs to the District. Currently, the team is concentrating on the implementation of the recommendations of Project INVEST.

Professional Experience:

Duval County Public Schools – 9 years

- General Director of Business Services
- Director of Business Services

Citrus County Public Schools

- Finance Accounting Specialist
- Cost analyst / Internal Auditor
- Accountant III
- Secretary / Bookkeeper

Other Professional Experience

- Region VI Region VI Criminal Justice Council, Fiscal Agent
- Part-time Vocational Instructor

Education/Certification:

BA in Business Administration, University of South Florida
Certified Public Accountant (CPA)

Professional Affiliations:

Florida School Finance Officers Association (FSFOA)
Government Finance Officers Association (GFOA)
Association of School Business Officers (ASBO)
Florida Institute of Certified Public Accountants (FICPA)

Marilyn T. Myrick

Consultant

Marilyn Myrick is currently serving as a consultant to the Alliance for World Class Education on Project INVEST. She retired after 30 years with the Duval County Public Schools that included 23 years as a Principal in middle and elementary schools. Prior to serving as a principal, Ms. Myrick was an administrator or teacher in Duval County and taught for eight years in school systems in Alabama. Her last appointment before her retirement was as a support administrator to the Superintendent's Standard Bearer and Acceleration Schools Cluster.

Professional Experience:

Delta/William C. Golden Professional Partners, Consultant
Schultz Center for Teacher & Leadership, Leadership Facilitator
Duval County Public Schools – 30 years

- Principal – James Weldon Johnson Middle, Lone Star, San Mateo and Oceanway Elementary Schools
- Teacher/Support Administrator – Darnell Cookman Counseling Center, R.V. Daniels 6th Grade Center, Greenfield, and Garden City Elementary Schools

Alabama Schools, teacher, Department Chairman, Student Activities Director

Education/Certification:

Post Graduate in Educational Leadership, University of North Florida
MS in Education, University of Alabama
BA in Education, University of Alabama

Professional and Community Involvement:

Duval Elementary School Principals, multiple offices including President
Superintendent's Cabinet, Elementary Principals Representative
Florida Legislature, Liaison from elementary education
FASA, NAESP, ASCD, Reading Council, member
Delta Kappa Gamma, President
Southside United Methodist Church – numerous administrative and advisory positions; Sunday school teacher; Women's study leader; United Methodist Women
Numerous civic, youth, and fundraising organizations and activities

APPENDIX I



THE ALLIANCE
for World Class Education

Cheryl Grymes *Executive Director*

Cheryl Grymes is the Executive Director of the Alliance for World Class Education, an organization dedicated to improving public education in Duval County. Previously, Ms. Grymes was elected to two terms on the Duval County School Board and served as Chairman and Vice-Chairman. She participates as a mentor with the Nonprofit Center of Northeast Florida's Community Coaches Program designed to strengthen nonprofit organizations that serve youth in our community. Ms. Grymes is a Jacksonville native who graduated from Wolfson High School in 1971 and she has four daughters who have all attended the Duval County Public Schools.

Professional/Public Service Experience:

- Alliance for World Class Education, Executive Director
- Duval County School Board 1992-2000, Chairman & Vice-Chairman
- Joint Planning Committee of the City Council & School Board, Past Chairman
- Value Adjustment Board
- JEDC Enterprise Zone Board

Education/Certification:

- Nonprofit Management Executive Certificate, Georgetown University
- BS in Communications, University of North Florida

Professional Affiliations:

- Nonprofit Center of Northeast Florida
- Consortium of Florida Education Foundations
- Public Education Network

Community Involvement:

- Duval County Council of PTAs, President
- YMCA Metro Board of Directors
- Jacksonville Women's Network
- Leadership Jacksonville Class of 1994
- Children's Crisis Center Board of Directors
- Youth Crisis Center Board of Directors
- Jacksonville Symphony Association Board of Directors
- Jacksonville Regional Chamber of Commerce Board of Governors