



## **Good Corporate Citizens Can Renegotiate Deals That Hurt Schools, Taxpayers**

School districts and other government agencies providing vital public services to the people of Florida remain under severe financial strain. Years of decreased revenue resulting from the Great Recession have produced declining budgets even as the demand for services, including pre-kindergarten-12<sup>th</sup> grade education, continues to rise. While increased economic activity is producing higher revenues in Florida as a whole and in most local areas, the recovery has been and will continue to be slow. It is expected to be several more years before revenues for public services reach the level attained before the recession.

Local and state government bodies continue to struggle to do more with less, providing services with the same or even improved quality with fewer dollars. Public employees who perform the work relied upon by Floridians have felt the strain. Those fortunate enough to retain their jobs face static wage conditions even as the cost of living rises.

In this environment, it is incumbent on government agencies to examine all expenditures, including obligations owed, and to restructure where feasible. Credit arrangements entered into before the recession should be included in that examination.

Funding the necessary services of government, including public education, is a shared responsibility. Individuals are expected to pay their fair share in taxes to support education. That is considered part of being a good citizen. Likewise, businesses that benefit from public services – and those corporations that profit from business arrangements with a public institution – bear a share of responsibility as well.

Such is especially the case with the large financial institutions that played a major role in creating the bubble that led to the Great Recession. Many now profit from public agencies and taxpayers through interest rate swaps, one of a number of risky, complicated financial instruments they devised in their lightly regulated Wall Street financial derivatives laboratories. Interest rate swaps provide billions of dollars in profits to banks while costing public agencies unnecessary billions – funds that must be made up either in lower-quality services or higher tax burdens assumed by ordinary taxpayers.

Financial institutions with multimillion-dollar contracts with school districts and other public agencies – particularly banks bailed out from their losing speculative practices by federal tax money – should act as good corporate citizens and renegotiate one-sided contracts that impair the education of Florida's children.