



The State *of the* Schools Report 2013

PHOTOS BY COLLEEN MCCREARY, KEVIN G. REEVES, CAYDIE HELLER

“A community is known by the schools it keeps.” This phrase is as true today as it was 100 years ago, at the founding of our District. Community members can take pride in the outstanding accomplishments of our students, our distinguished and committed faculty, and solid fiscal management, all of which are hallmarks of the Shaker schools.

This report provides an overview of the District’s initiatives, student achievement, fiscal accountability, and strategic direction for the future. For more detail, visit the District’s website at shaker.org for a wealth of data about finances, student performance, and strategic initiatives.

Through collaboration with the City of Shaker Heights, we are able to publish this report to all residents of Shaker Heights using the most cost-effective printing and distribution.



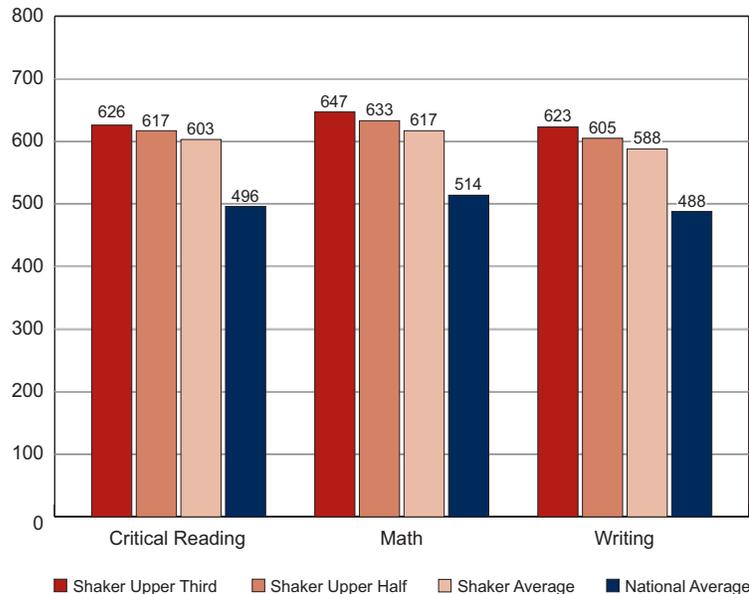
Continuing the Tradition of Excellence

Shaker students and faculty members continue to distinguish themselves in numerous academic areas each year. Following is a small selection of recent accomplishments:

- 145 Shaker students were named Advanced Placement (AP) Scholars in 2012. Last May, 379 Shaker students took 807 AP exams, with 83 percent earning a score of 3 or higher on a five-point scale. All students taking AP courses are required to take an AP exam. About one-third of Shaker students take at least one AP course during their time at Shaker.
- 18 graduates of the class of 2012 became the first Shaker students to earn an International Baccalaureate Diploma. In the class of 2013, 14 students are IB Diploma Candidates, and 86 additional students are taking one or more IB courses. Externally-graded exams are required in IB courses.

- The class of 2013 outperformed the state and national averages on the SAT and ACT by considerable margins. The graph below shows how Shaker’s SAT scores stack up against national averages.

Shaker Class of 2013 SAT Scores
(800-point scale)





The Gateway to the Underworld was one of several winning graphic arts entries submitted by Shaker students to the Ohio Junior Classical League Convention.

• In the 2012 National History Day competition, Shaker students captured 21 out of 27 slots to advance to the state competition, where they went on to win 14 out of 18 spots for the national event. Six Shaker students' projects ranked in the top 15 at the national level.

• Hundreds of Middle School and High School students won awards for their performances on national language exams in French, German, Greek, Latin, and Spanish.



Going global: Four of the eight Shaker schools are now officially recognized as International Baccalaureate World Schools, with the others well on track for authorization. Boulevard School celebrated with a parade.

• Shaker students received myriad awards at the Ohio and National Junior Classical League Convention, and performed well in the Medusa Mythology Exam as well as the National Classical Etymology Exam.

• Shaker students won top honors at regional and national competitions, including Science Olympiad, VEX Robotics, MathCounts, the Ohio Grade Level Chess Championship, Model UN, Power of the Pen, and the Scholastic Art competition.

• Shaker was named a "Best Community for Music Education" by the NAMM Foundation for a fourth year in a row.

• The High School and Middle School orchestras and bands received a total of eight "Superior" and six "Excellent" ratings at the Ohio Music Educator Association (OMEA) state level competitions.

• The Dobama Young Playwrights Competition resulted in five Shaker students being selected to have their works professionally staged at the theater in 2012. Only seven works in total were chosen for the honor.

• Five Shaker students were selected to participate in the prestigious Cleveland Clinic Summer Internship program, and numerous other students participated in various Saturday internship programs with area medical and scientific researchers.

• Shaker graduates are overwhelmingly college-bound, and those who enroll tend to stay there. Between the years of 2008-2010, the percentage of Shaker graduates who enrolled in college directly from high school ranged from 81-87 percent. Eighty-nine percent of 2010 graduates who enrolled in college remained enrolled beyond freshman year, and 99 percent of those attending a four-year private or out-of-state institution remained enrolled.

Members of the class of 2012 were accepted to a diverse array of colleges and universities, including all the Ivy League schools, Ohio public institutions, and private colleges. A sampling of the more than 130 schools accepting Shaker students includes:

- American University
- Art Institute of Chicago
- Bates College
- Berklee College of Music
- Brown University
- Carleton College
- Carnegie Mellon University
- Case Western Reserve University
- Cleveland Institute of Music
- Columbia University
- Cornell University
- Dartmouth College
- Davidson College
- Duke University
- Georgetown University
- Harvard University
- Haverford College
- Howard University
- The Juilliard School
- Kenyon College
- Miami University
- University of Michigan
- New York University
- Northeast Ohio Medical University
- Northwestern University
- University of North Carolina
- University of Notre Dame
- Oberlin College
- Oberlin Conservatory of Music
- The Ohio State University
- Ohio Wesleyan University
- Ohio University
- University of Pennsylvania
- Pomona College
- Princeton University
- Smith College
- Spelman College
- University of Virginia
- Washington University in St. Louis
- College of William and Mary
- Yale University

Assessing Student Achievement

Although most Shaker students are performing well, intensive efforts are being made to improve the academic standing of those who are struggling.

- To address the challenges posed by mobility, new students who transfer into the Shaker schools are immediately assessed upon enrollment to assist with appropriate placement and services.
- Shaker students' scores were higher on 17 of 24 state tests in 2011-12 than in the previous year.
- State test scores rose in every area where Shaker students fell below the state standard in 2010-11.

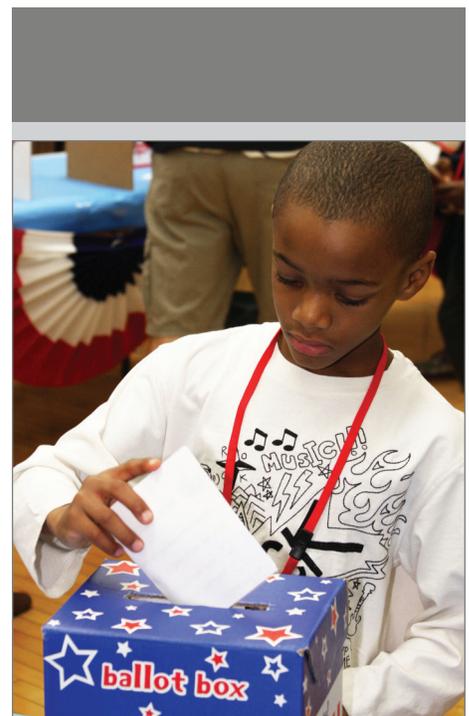
High Quality Teaching

- The Shaker schools continue to attract and retain high quality faculty members, drawing more than 100 applications for every open teaching position. This allows the District to select teachers who demonstrate a passion and commitment to educating all students.
- The District's staff includes approximately 500 teachers, about 83 percent of whom hold master's degrees or higher. Their average teaching experience is 15 years.
- 100 percent of Shaker teachers are designated as "Highly Qualified" according to criteria provided by the Ohio Department of Education.

- All teachers and other staff members benefit from ongoing professional development in a wide range of areas, including International Baccalaureate, state standards, strategies to meet the needs of all learners, classroom management, and the use of technology to enhance learning.
- Upon completion of professional development, all participants provide a written plan for how to implement and share the information with colleagues in order to maximize the investment of time and resources.
- Teachers and administrators are collaborating to develop new ways of evaluating teachers and principals. Peer evaluation and other evaluation models developed last year are currently being piloted across all grade levels and will be implemented next school year in accordance with state legislation.



Thirty-one members of the Class of 2013 have been honored as National Merit Semifinalists (NMS), National Achievement Semifinalists (NAS), National Merit Commended Students (NMC), National Achievement Commended Students (NAC), and National Hispanic Recognition Scholars (NHR.) These scholastically talented seniors are considered top candidates for admission to the most selective colleges. Pictured left to right, front row: Lawrence Shelven (NAS), Ini Umosen (NMC, NAS), Megan Mathur (NMC), Brenton Sullivan (NAC), Lauren Woyczynski (NMC), Kristen Leonard (NMC), Evelyn Ting (NMC), Ann H. Carter (NMC), Clara Kao (NMS), and Rebecca Smith (NMC). Second row: Ari Ross (NMC), Nicholas Haubrich (NMC), Matthew Langhinrichs (NMS), Nicholas Murray (NMC, NHR), Ana Sinicariello (NHR), Lauren Vavruska (NMC), Claire Crosby (NMS), and Alexa Steiber (NMC). Third row: Aaron Rabinowitz (NMC), Gregory Lanese (NMC), Daniel Murphy (NMS), Luke Mesiano (NMC), Kate Connors (NMS), Jacob Gardner (NMC), Alexander Friedman (NMS), Jordan Isenberg (NMC), and Nathan Steinberg (NMC). Not pictured: Ryan Claus (NMC), Spencer Gilbert (NAC), Isabel Robertson (NMS), Juan Schwartzman (NHR).



Fernway rocks the vote: From registration through the final count, Fernway's mock election was like the real thing. But instead of deciding the next President, their votes determined the outcome of the spirit wear challenge. The winner, in a landslide: hats.



Take Action club members from the High School volunteer their time after school to tutor elementary students.

experiences to more closely align with items from the school climate surveys.

- Determine more efficient procedures for follow-up with parents of students receiving targeted intervention.
- Consider additional methods for measuring progress on performance indicators.
- Revise action plans, tasks, and work plan activities as needed based on year one findings.

The International Baccalaureate Journey

• The District is on track to become one of the first in Northeast Ohio to offer the International Baccalaureate program in grades K-12. All eight schools are using the program’s instructional approach, which emphasizes problem-solving and hands-on learning with a global focus.

• Shaker Heights High School became an International Baccalaureate World School in 2010, and the first cohort of International Baccalaureate diploma candidates graduated in 2012. Eighteen members of the class earned the prestigious IB Diploma.

• Boulevard, Lomond and Mercer elementary schools have joined Shaker Heights High School in becoming authorized as International Baccalaureate World Schools. The schools underwent an intensive site inspection by members of the International Baccalaureate Organization last spring.

The dynamic features of the Strategic Plan seem to have created a District culture characterized by a shared vision, systematic improvement, consistency and coherence without decreasing creativity, high expectations, and accountability.

– Strategic Plan Independent Year One Audit Report

Strategic Plan Update: The Year One Report

The Board of Education and administration launched the strategic planning process in 2009. The Board voted to adopt the two-year plan in 2011. It covers a range of goals and strategies, grouped broadly under the categories of student experience; curriculum; instruction and assessment; and collaboration, communication, and involvement. An external review of the District’s Strategic Plan was completed in August 2012 to provide an update on the progress toward initiatives outlined in the plan.

• The independent reviewer commended the District for its “visionary approach for improving the overall quality of education leading to high

success rates in the Shaker Heights Schools,” and found that “a significant degree of work was accomplished during year one.”

• In particular, positive progress was noted with regard to the implementation of school climate surveys, increased outreach to parents of students receiving targeted intervention, and enhanced communication to community stakeholder groups.

• The use of a comprehensive database tracking and analysis system has assured follow through on action plans, tasks, and data collection.

Recommendations for Year Two included:

• Refine action items regarding student

IB connects everything we do – history with science, English with math. IB prepares us for college and teaches us about the real world, not just for a test at the end of the year.

– Emily Hirsch,
2012 IB Diploma recipient



Hands-on learning brings the curriculum to life. As part of a study of the history and significance of the Silk Road, Middle School students got up close and personal with live silk worms.

- The International Baccalaureate authorization process is on the horizon for Fernway and Onaway elementary schools, and is now under way for Woodbury and the Middle School as well.

- The Shaker schools' journey to adopt the International Baccalaureate program in all grades was recently profiled in the national professional magazine *School Administrator*, which included an interview with Superintendent Mark Freeman.

Fiscal Vigilance Continues

Six years of strategic cost cutting have enabled the Shaker Heights City School District to strengthen its financial position in the face of significant reductions in major revenue sources, including an unexpected drop in local property tax support starting this year.

Ongoing savings achieved through this vigilance have allowed the Shaker schools to delay a necessary return to the ballot for an operating levy until 2014. This marks the second consecutive time the District has extended its levy cycle from the customary three-year interval to four years.

The District's strong financial performance continues to be recognized outside of Shaker Heights as well. The Ohio Auditor of State repeatedly has acknowledged the District for excellence in financial reporting, and international associations of government finance and business officials have bestowed similar recognition. Last year, the District was one of a handful in Ohio to receive top-tier marks from two national bond rating firms, a distinction that helped the Shaker schools save hundreds of thousands of dollars when issuing bonds.

It is only through this financial stewardship and the shared sacrifices

of its employees that the District has been able to sustain the high-quality educational system that has defined the community and that Shaker Heights residents expect.

Continuing Losses in State Aid

As a result of an \$8 billion state budget shortfall, state aid to public school districts fell precipitously for the 2012-2013 biennium and is expected to remain at the reduced level for years beyond. For the Shaker Heights schools, reductions amounted to approximately \$8.3 million over the two



Living history: To study migration, students use artifacts and documents from the Shaker Historical Society to reconstruct a family's story. This Lomond student traced a family whose sons served in the military during the Jim Crow era.



Play on: The new multipurpose synthetic field and resurfaced track at the High School have dramatically increased opportunities for Shaker students to participate in athletics.



Student-led conferences prompt pupils to reflect on what they are learning and how they can improve. Here, an Onaway third grader shares his goals with his teacher and mother.

school years and a projected \$21 million over seven years.

Unlike those long-anticipated cuts in state aid, the magnitude of reductions in property tax collections wasn't known until last August. That's when Shaker school officials learned that the 2012 Cuyahoga County reappraisal would result in a property tax revenue loss of \$1.8 million due to reductions in assessed value. The impact of the reductions will be about \$900,000 for the fiscal year ending June 30, 2013. The full impact will be felt in the 2014 fiscal year.

Apart from this loss of revenue attributable to a decrease in assessed value, the District faces inherent limitations on the revenue side because the tax base is overwhelmingly residential. Commercial and industrial property generates less than 10 percent of the assessed valuation in Shaker Heights, and very little land is available for future commercial development. The District has cooperated with the efforts of the City of Shaker Heights to promote economic development with the goal of growing the commercial tax base.

Fortunately, however, the District is in a position to withstand substantial reductions in, or limitations on, major revenue sources and still push an operating levy back to 2014. The District was able to cushion the impact of the revenue cuts because the 2012 school year ended with a favorable budget variance of \$2.3 million that was available to carry over to the current year.

Such carryovers have been commonplace for the District. Treasurer Bryan Christman and his staff closely monitor expenditures and revenue during the year to stay within budget parameters. It's no accident that actual expenditures and revenues collectively have beaten budget targets in each of the last six fiscal years, resulting in an average of nearly \$2.6 million available to carry over to the next year.

Long-range financial planning documents also make clear that further cost-trimming is expected. The school system's Five-Year Forecast for the years ending June 30, 2013 through June 30, 2017, call for annual budget savings of about \$1.4 million.

Treasurer Christman prepared the District's latest Five-Year Forecast in October, which was subsequently approved by the Board of Education. Under Ohio law, school districts are mandated twice a year to issue five-year financial forecasts, which serve as planning tools.

Labor Contracts Yield Big Savings

Shaker school employees have done their part to retain a top-quality educational system amid an environment of decreasing revenues and increasing costs.

Teachers are in the third and final year of a contract with the Board of Education that will expire on December 31 of this year. Three-year agreements with the other collective bargaining groups representing Shaker school employees are scheduled to expire six months later, on June 30, 2014.

All of the contracts included a total freeze in base salaries the first year. For the second and third years, teachers and other bargaining employees receive a one-percent lump sum stipend and are eligible for step increases as well.

The one-percent stipends don't change base salaries. Considering that base salaries also were frozen in 2010, the same wage schedule will be in effect for four years.

Administrators, tutors, aides and security personnel – the District's non-bargaining employees – are subject to the same provisions as those in

the contract with the Shaker Heights Teachers' Association.

As is the case with most other Ohio school districts, personnel costs usually represent about 80 percent of general fund expenditures for the Shaker schools. Accordingly, the shared sacrifice of employees has translated to big savings.

Given that the District spends about \$70 million a year on salaries and benefits, a four-year freeze on base salaries results in significant cost avoidance and will continue to have an impact in the future. Had employees received raises of just one percent, it would have cost the District an estimated \$580,000 annually, according to Treasurer Christman.

The District will soon be at a crossroads, however, with respect to compensating its workforce – especially what has been a seasoned, accomplished teaching staff, more than 80 percent of whom have earned master's degrees or higher. The District's teaching staff averages 15 years of experience, compared with the statewide average of 12.9 years, according to 2011 data.

"On the one hand, many of the District's more experienced teachers are preparing to retire soon and for the most part will be replaced by younger teachers who will be lower on the salary scale," said Mark Freeman, superintendent of Shaker schools.

"On the other hand, although the District has been able to recruit top teaching talent despite the salary freeze, it could become more difficult to do so in the coming years without increasing compensation," the superintendent said. In recent years, salaries for teachers in Shaker Heights have fallen behind other east suburban school districts such as Beachwood and Orange.



Parent volunteers play a vital role in helping all students succeed. Here, a parent works with a Woodbury student to reinforce reading skills.

Resources on the Web:

Strategic Plan

shaker.org/strategicplanning.aspx

Financial Information

shaker.org/finance.aspx

International Baccalaureate

shaker.org/ib



Going for the gold: The Mercer PTO has taken a healthier approach to fundraising with its own version of the Olympic Games. The closing ceremony marked the end of a week of spirited fitness challenges.

Reining in Health Care Costs

In the meantime, the Shaker schools are continuing efforts to control other costs.

Several recent changes will offset a projected 10 percent growth rate for health insurance costs this fiscal year.

Effective in January 2012, the employee share of premiums rose from eight percent to 12 percent, with deductibles and co-payments also increasing. The net impact of plan savings is estimated at \$833,000 per year in ongoing savings. Continued favorable experience will result in a reduction in health insurance rates for 2013, which will produce a favorable budget variance in the hundreds of thousands of dollars at the end of this fiscal year.

To mention one other health care example, the District will also save an estimated \$250,000 this year from the so-called “working spouse” provision. This provision took effect in 2007 and requires working spouses of District employees to use their employer’s plan for primary coverage. The changes have saved a total of \$1.5 million over the last six years.

Among the District’s other initiatives to save money and improve efficiency:

Workers’ Compensation. The District regularly evaluates the financial impact of switching from a retrospective rating option to a self-insured plan, but Treasurer Christman indicated that there does not appear to be sufficient savings potential to change at this time. By using the retrospective rating option for the past six years, the Shaker schools have realized nearly \$1.2 million in net savings, including more than \$240,000 in 2012.

On the operational side, the District’s business department continues to follow best practices by participating in prevention programs in conjunction with the Ohio Bureau of Workers Compensation. The goal is reducing claims, thereby ultimately lowering annual premiums.

Online payment system. The District introduced the Pay For It system in August 2008 for the convenience of parents and efficiency of operations. Its features include direct download of payment information to the cafeteria point-of-sale system; automated e-mail notice to parents when a student’s account balance falls below a specified threshold; and the ability to download fee payment information directly to the District’s student information system.

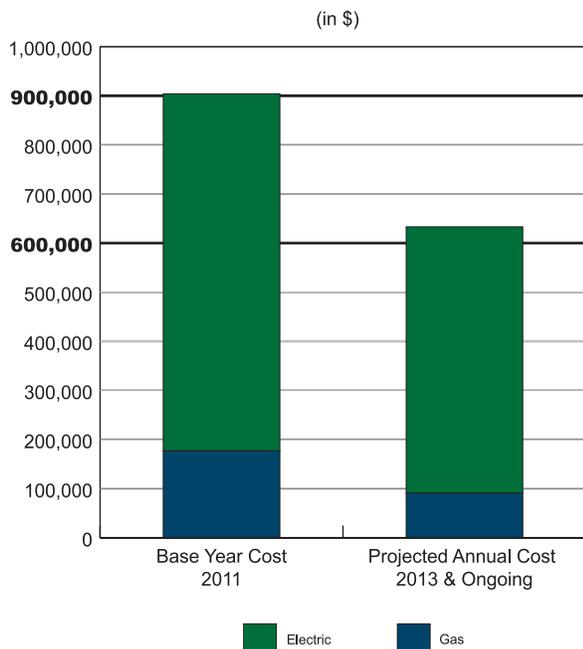
Online payments have risen dramatically, more than doubling from \$330,000 for the fiscal year ending June 30, 2009, to \$722,000 for the year ending June 30, 2012. The online system has not only improved operational efficiency but has minimized cash payments in school buildings, reducing risk of loss or theft.

Rebidding contracts and reevaluating needs. By rebidding its copier contract that expired in 2011, the District has achieved estimated ongoing savings of \$35,000 per year. In another example, the schools save \$56,000 annually following an evaluation of telecommunication needs, which resulted in changing vendors and eliminating excess line capacity.



A bright idea: Lighting retrofits in all buildings will cut electricity consumption by 50 percent and enhance the learning environment.

Energy Conservation Measures to Yield Annual Savings Over \$280,000



Ohio Schools Council. Through the buying power of this cooperative, the District has saved tens of thousands of dollars through the years on purchases of buses, insurance, utilities and library books and materials.

Energy conservation measures. The District undertook four major energy conservation projects this year with projected cumulative savings of approximately \$4.6 million over 15 years, which will more than offset the initial investment of \$2.4 million. See box at right for details.

High Bond Ratings Reduce Borrowing Costs

The strong financial management demonstrated through the years helped the District save taxpayer dollars when it borrowed money last fall to finance energy conservation projects, high school stadium improvements, and bus purchases.

The Shaker schools combined the \$4.2 million capital improvement and equipment bonds with refinancing debt the District issued in 2005 for building and facilities improvements. The refunding is akin to refinancing a home mortgage loan.

The District's solid financial footing helped save money on the two borrowings. The schools received outstanding ratings from two national bond rating agencies, Moody's Investors Service and Standard & Poor's Ratings Services. Such ratings influence the perceptions of investors who purchase the bonds and translate to lower interest rates for the borrower.

Moody's awarded the District its highest mark, Aaa, on the two offerings last fall. Concurrently, Moody's affirmed the same rating on the District's outstanding general obligation bonds. Out of 239 Ohio school districts Moody's has currently rated, only eight received the Aaa rating.

S&P assigned its AA+ rating to the two bond offerings and reaffirmed the same long-term rating for the District's general obligation debt. Of the 122 Ohio school districts S&P rated, only four received the AA+ rating.

The combination of the outstanding ratings and the refunding mechanism itself will save nearly \$598,000 over the 13-year life remaining on the

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Greener, Brighter, Cheaper

The District undertook four major energy conservation projects this year with projected cumulative savings of approximately \$4.6 million over 15 years, which will more than offset the initial investment of \$2.4 million. What's more, the upgrades improve the learning environment with brighter lighting and more even heating.

The four major projects involved:

Replacing old light fixtures with energy-efficient overhead lighting in every building. The new lights reduce kilowatt-hour consumption by 50 percent and are considerably brighter, creating a better environment for learning and working.

Replacing radiator steam traps at all eight school buildings, improving energy efficiency and comfort while reducing gas consumption.

Upgrading building controls to allow for zoned temperature control. A new integrated platform replaces three separate units, allowing the system to be serviced more easily. The upgrades also make it possible for maintenance personnel to assess building systems remotely.

Replacing two chillers at the High School that had failed mechanically. One chiller serves the east wing of the building, which houses the administrative office and science classrooms, and one serves the library.

To finance these projects, the District took advantage of a state program that allows school districts to borrow money at favorable rates and pay back the loan within fifteen years from the energy cost savings. Current projections indicate the District will be able to achieve simple payback within nine years, well within the period allotted. (Fluctuations in the price of gas and electricity will factor into the actual savings.)

Thanks to its top-tier bond rating, the District received the lowest possible interest rate for the loan. And by hiring its own consultants for the process, rather than using a turnkey energy services company, the District saved an estimated \$1 million. Using this approach also allowed the District to retain control over the scope of the project and to use local service providers wherever possible.

School District Savings Since 2007

Beating Budget Targets

- A six-year average of \$2.6 million – The treasurer's office closely monitors expenditures and revenues throughout the year to stay within budgeted amounts. Actual expenditures and revenues collectively have beaten budget targets in each of the last six fiscal years, when the District averaged nearly \$2.6 million in funds available to carry over to the next fiscal year.

Workforce Reductions (mostly through attrition and combining responsibilities)

- \$2.6 million over the 2011 and 2012 fiscal years – Elimination of 33 positions.
- \$4.5 million in FY2007 – Elimination of 59 positions. Although some jobs were restored in subsequent years due to increased demand, a majority of the reductions have been sustained.

Collective Bargaining Agreements

- \$1.2 million over the two previous years – Through the cooperation of its employees, the District has kept salary increases below those of many area school districts by freezing base salaries over four years. The District would have spent nearly \$1.2 million more on salaries and fringe benefits with just a one-percent increase in 2011 and 2012.

Reimbursable Expenses Associated with Special Needs Students

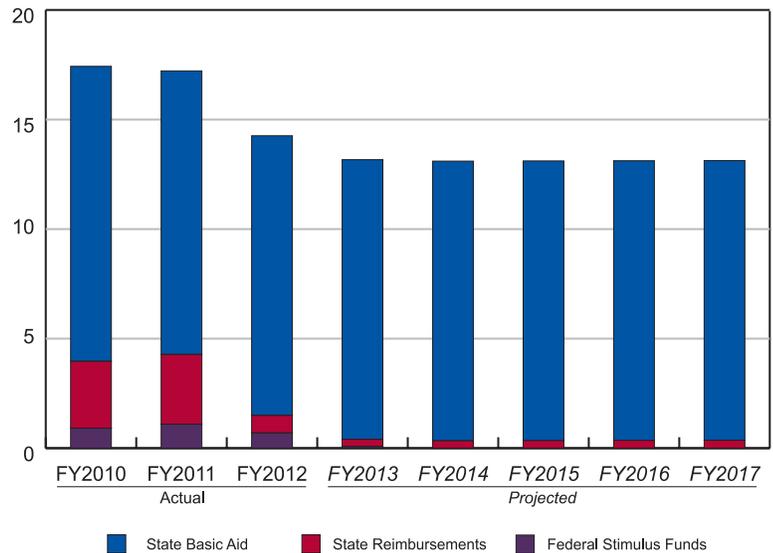
- \$3.5 million from 2007 through 2012 – Diligent documentation of reimbursable expenses has allowed the District to bring in this money from three programs. The District continues to place among the top school systems in the state for dollars reimbursed.

Protecting the Local Tax Base

- \$1.7 million over the 2008, 2009 and 2010 tax years – This is the savings to the District from challenges to property tax reductions when the facts indicate the request wasn't reasonable.

Shrinking Revenues from State and Federal Sources

(in \$ millions)



High Bond Ratings *continued from page 62*

\$5 million in refunded bonds, according to figures furnished by Stifel, Nicolaus and Company Inc., the bond underwriter.

The Shaker schools also continue to receive recognition for accuracy and integrity of financial reporting. The audit for the fiscal year ending June 30, 2011, is the latest in a long line of “clean” audits. For the same audit, the District received the Auditor of State’s Excellence in Financial Reporting Award. The Shaker school system has been honored each year since 2006 with this award, which is given to fewer than three percent of public entities audited by the Auditor of State.

The District has received similar awards for excellence in financial reporting for 13 consecutive years from the Government Finance Officers Association of the United States and Canada and the Association of School Business Officials, International.



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