

SHAKER HEIGHTS CITY SCHOOL DISTRICT

Special Education Funding Issues

Report to the
Honorable Marcia L. Fudge
October 5, 2012



SHAKER HEIGHTS CITY SCHOOL DISTRICT

BOARD OF EDUCATION
15600 Parkland Drive
Shaker Heights, Ohio 44120
(216) 295-1400

Mark Freeman
Superintendent of Schools

Bryan C. Christman
Treasurer

October 5, 2012

The Honorable Marcia L. Fudge
U.S. Representative, 11th District

Re: Annual Update on Special Education Issues

Dear Congresswoman Fudge:

Enclosed please find a report from the Shaker Heights City School District regarding Special Education Funding Issues, which summarizes the impact on our district of the federal government's persistent, severe under-funding of its special education mandate (*The Individuals with Disabilities Education Improvement Act, or IDEIA*).

This mandate, which consumes an increasing portion of Shaker's budget each year, now requires us to devote **18.4%** of our annual operating budget to special education. For comparison, in 1993, special education expenses accounted for 11.4% of our budget. The proportion has grown alarmingly since then as illustrated by the chart on page 7.

Our in-house special education staffing requirements (full-time equivalents) are also large and growing. Currently, **25.6% of our staff is employed in order to meet this mandate** (see page 11). Moreover, this statistic does not take into account the fact that we do not serve all of our special education students within our district, but also serve 100 (13.2%) of our special education students out-of-district. Through the out-of-district tuition that we pay, we indirectly employ a considerable number of additional staff to teach and serve these 100 students' needs. Our in-house figure therefore actually understates considerably the number and proportion of staff dedicated to special education. Our true special education staffing percentage has grown, in point of fact, to nearly 30% while only 13.9% of our students are identified as special education.

As you recall, when Congress originally imposed its special education mandate, it pledged to provide 40% (Public Law No. 94-142, renamed *IDEA* and later *IDEIA*; see also Congressional Record-Senate Volume 131, Page 4886 & 4972-April 6 & 7, 2000, respectively) of the cost incurred by local school districts. But even with federal funding increases in recent years, the federal government still contributes only about 11.0% (excluding the 2.4% funded by the final stimulus funding received in fiscal year 2012) of our district's costs, the State of Ohio contributes 17.5% and our local taxpayers are left to bear 69.1% of this enormous expense. This means that our residents are required to raise nearly 13.1 mills of local taxes to fund this federal mandate, 5.0 mills of which are just to cover the federal government's shortfall, i.e. the \$4.3 million in special education expenses that the federal government promised to contribute, but is not paying.

While we complain of the federal government's failure to help as promised with the enormous fiscal burden that it has imposed upon us, we must clarify that we are nonetheless proud of, and committed to, the fine job we do in providing special education services to the special needs children of our district. We do take seriously the educational needs of these children, and we believe that serving them is our moral and legal imperative.

Even though there has been some improvement in the dollar amount contributed by the federal government in recent years, particularly with the infusion of stimulus funds in fiscal years 2010, 2011 and 2012, these increases have totally failed to keep pace with the faster growing, unchecked increase in special education costs. Moreover, because the stimulus funds for *IDEIA* are non-recurring, we face a dramatic funding cliff: a scenario in which we stand to lose 36% of the already inadequate amount that we receive from the federal government, drastically worsening an already dire situation.

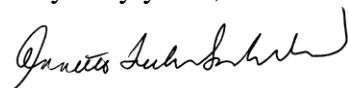
The unchecked growth in cost of mandated special education services has, even without regard to the looming cliff, overwhelmed our budget and impeded our ability to provide programs and services for **all** of our students. Our revenue is virtually frozen by Ohio law (Ohio House Bill No. 920, now embedded in the Ohio Constitution). In each of the years since 2007, we have had to successively reduce our operations because we have not been able to raise sufficient funds to continue at pre-existing levels.

Our district was required to be on the ballot in May 2010 with a request for a 9.9 mill operating levy, which fortunately was successful. However fully **56% of the requested new revenues would have been unnecessary** if the federal government were living up to its commitment to fund 40% of the special education costs that it has mandated.

It is past time that the federal government finally honor its commitment to allocate significant additional funds for this vastly under-funded mandate. Providing more realistic, stable, and mandatory funding for special education would enable our district, and other local school boards, to allocate resources to improve education for all students.

Specific steps that you as our Representative can take include protecting education investments in the final appropriations bill for fiscal year 2013 even during these tough economic times by supporting the highest possible allocation for *IDEIA* grants; supporting a balanced budget for fiscal year 2013 that avoids the across-the-board cuts that are scheduled by sequestration beginning in 2013; and supporting the process to reauthorize the *Elementary and Secondary Education Act* (ESEA) by urging the House (and Senate) Leadership to bring such stalled legislation to a floor vote in time to reconcile the existing differences between the House and Senate versions.

Very truly yours,

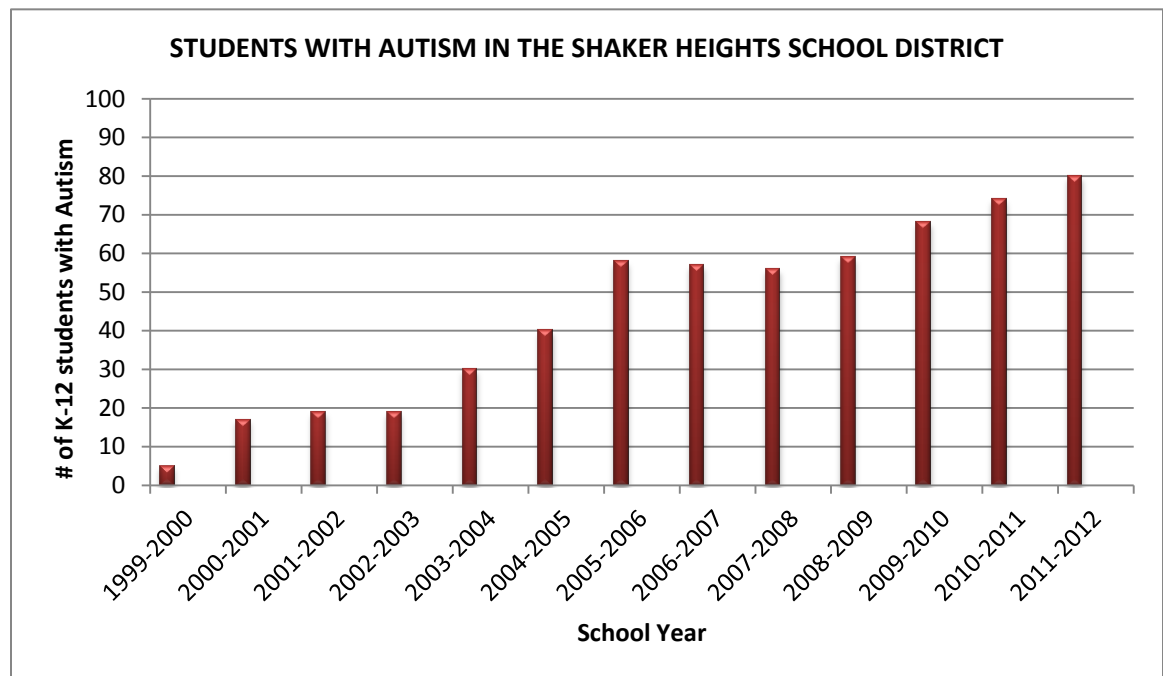


Annette Tucker Sutherland
President, Shaker Heights Board of Education

Cc: Shaker Heights Federal, State & Local Legislative Delegation

**SELECTED EXAMPLES OF
SHAKER HEIGHTS CITY SCHOOL DISTRICT
SPECIAL EDUCATION TUITION COSTS**

- I.** Eighty students with autism are served by the Shaker Heights City School District. The individualized needs of these students often require: additional teacher and aide support, augmentative communication devices, equipment to meet sensory diet needs, specialized transportation, and behavior specialist support. The annual per pupil cost for these cases ranges from \$43,000 to \$128,000. The incidence of autism identification has increased in Shaker Heights as it has nationally. In fiscal 2000, Shaker Heights Schools served 5 students with autism, as compared to 80 students currently, for an increase of 1500%.



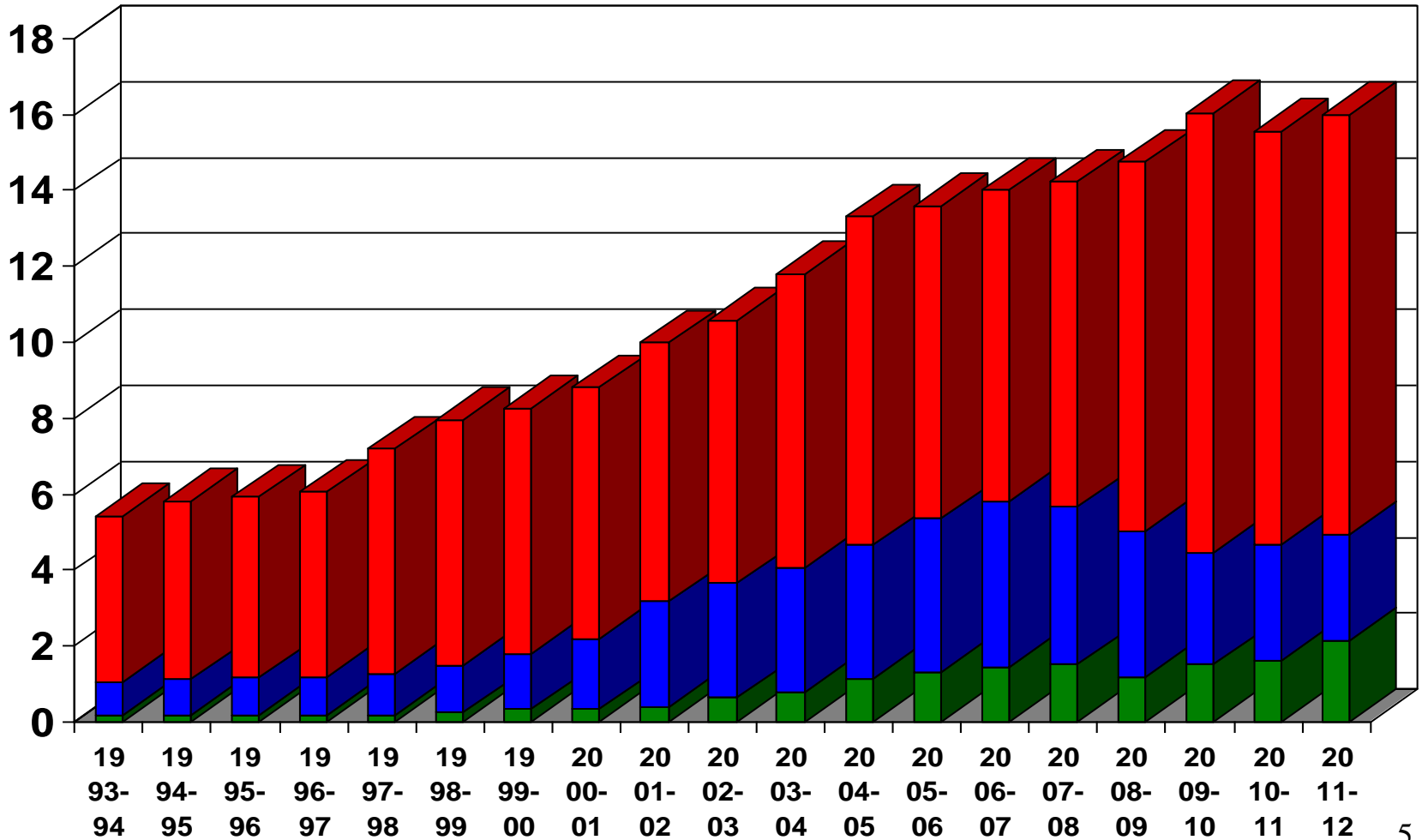
- II.** Sixteen of the eighty autistic students are being served in out-of-district special purpose facilities with annual tuition and transportation charges to our district that average \$82,000 per student. Special education services must begin by age three and many times continue through the child’s twenty-first year of life. Appropriate services for these children are typically multiple, labor-intensive and result in an average per pupil expenditure per year of nearly 5 times that for other students.
- III.** The District has approximately 27 students enrolled in out-of-district programs for the Emotionally Disturbed at an annual tuition rate of \$25,000 - \$38,500 per student. We are also required to provide transportation to the facility, adding approximately \$8,000 to the annual cost for each student.

- IV.** A first-grade hearing-impaired student with other complications receives services from a neighboring school district. This student has physical mobility and communication needs necessitating a one-to-one attendant. The tuition and aide expenses for this student total approximately \$70,000 per year.
- V.** The district transports one deaf student to and from the Ohio State School for the Blind and Deaf in Columbus each week. A driver and interpreter are required to make this drive at a total annual cost approximating \$25,000.
- VI.** In addition to out-of-district placements, the District also maintains internal self-contained programs for 35-40 students with multiple disabilities. The cost of these programs averages \$68,000 per student per year.
- VII.** Specialized equipment such as augmentative communication devices and laptops with specialized software are required to meet the needs of special education students in various classrooms. The cost of these devices ranges from \$150 to \$8,100 each. Currently the District provides six of the highest-end devices for student use.
- VIII.** The District currently employs approximately 82 full-time aides to assist special needs students either on an individual or group basis. The average annual wage cost of an aide is \$22,000 plus benefits.
- IX.** There is currently a need for three additional nurses to provide 1:1 care to medically fragile students currently being educated at two Shaker schools. The approximate cost for the services of the three nurses is \$71,000.

SHAKER HEIGHTS CITY SCHOOL DISTRICT

SPECIAL EDUCATION EXPENSES FUNDING SOURCES

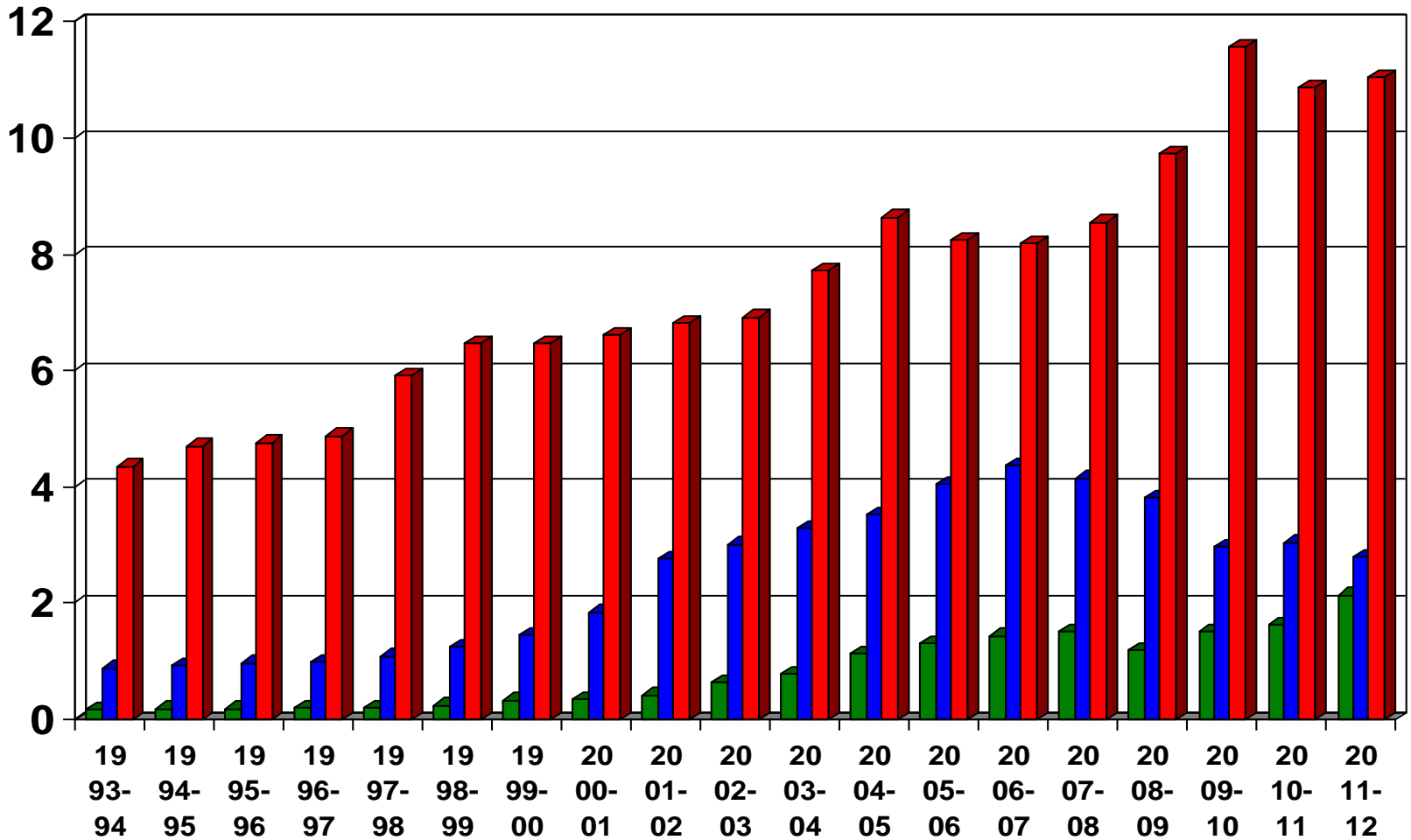
DOLLARS IN
MILLIONS



SHAKER HEIGHTS CITY SCHOOL DISTRICT

SPECIAL EDUCATION EXPENSES FUNDING SOURCES

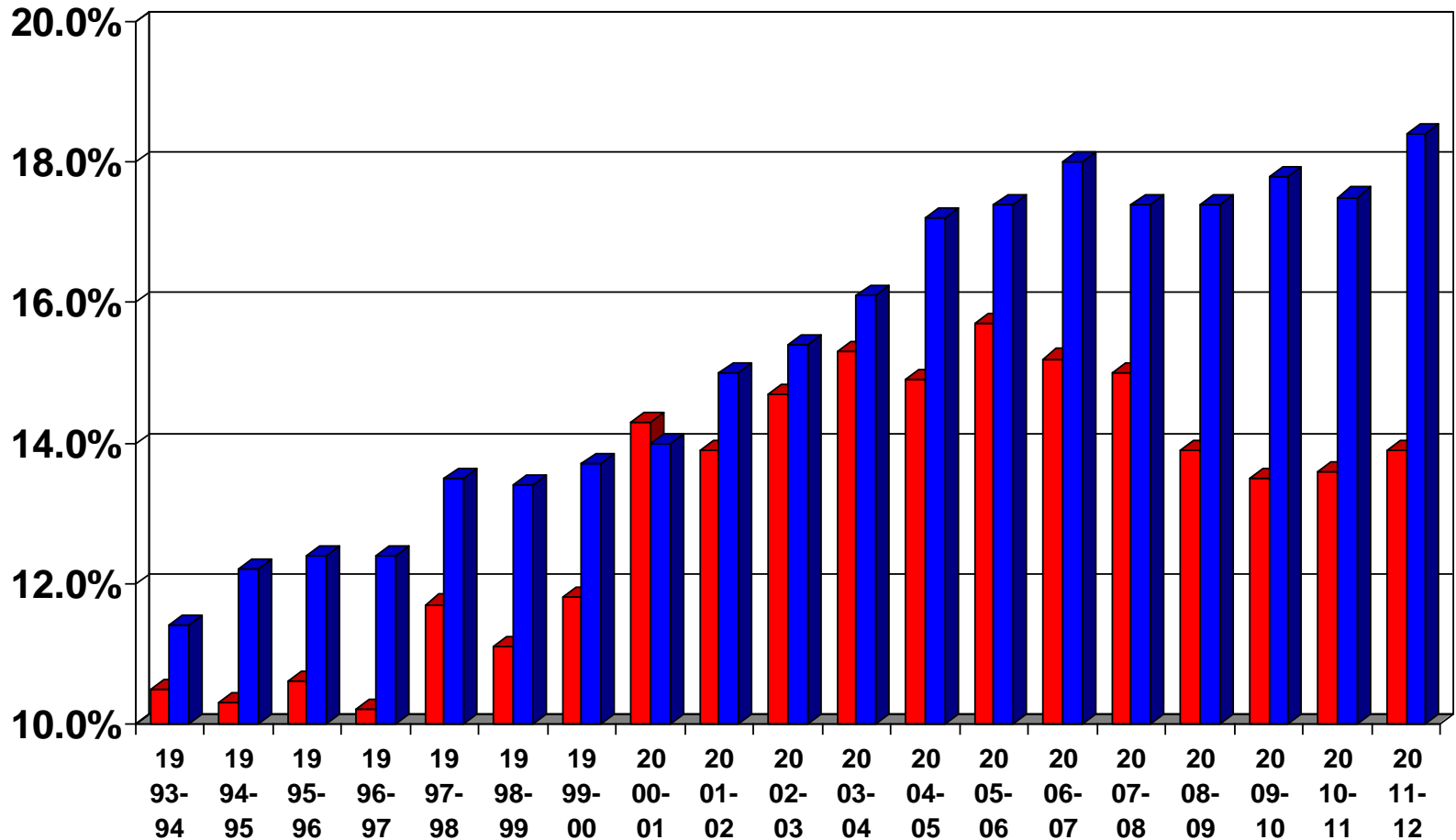
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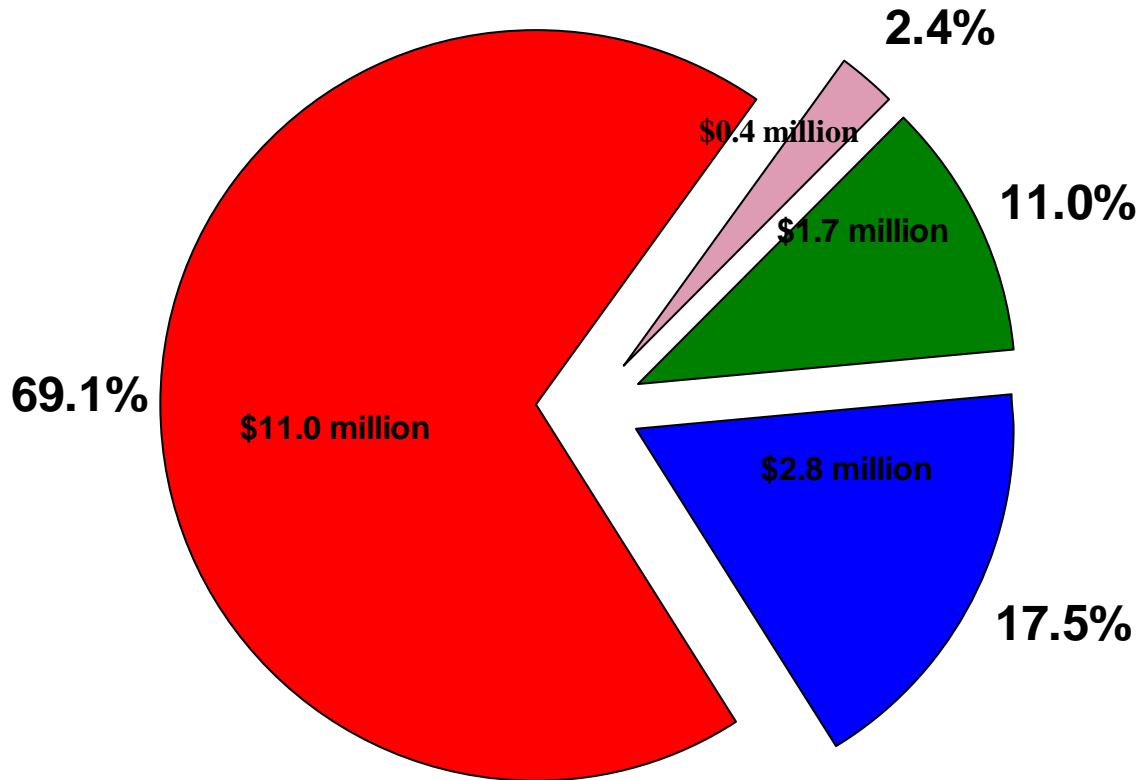
SHAKER HEIGHTS CITY SCHOOL DISTRICT

SPECIAL EDUCATION as % of TOTAL

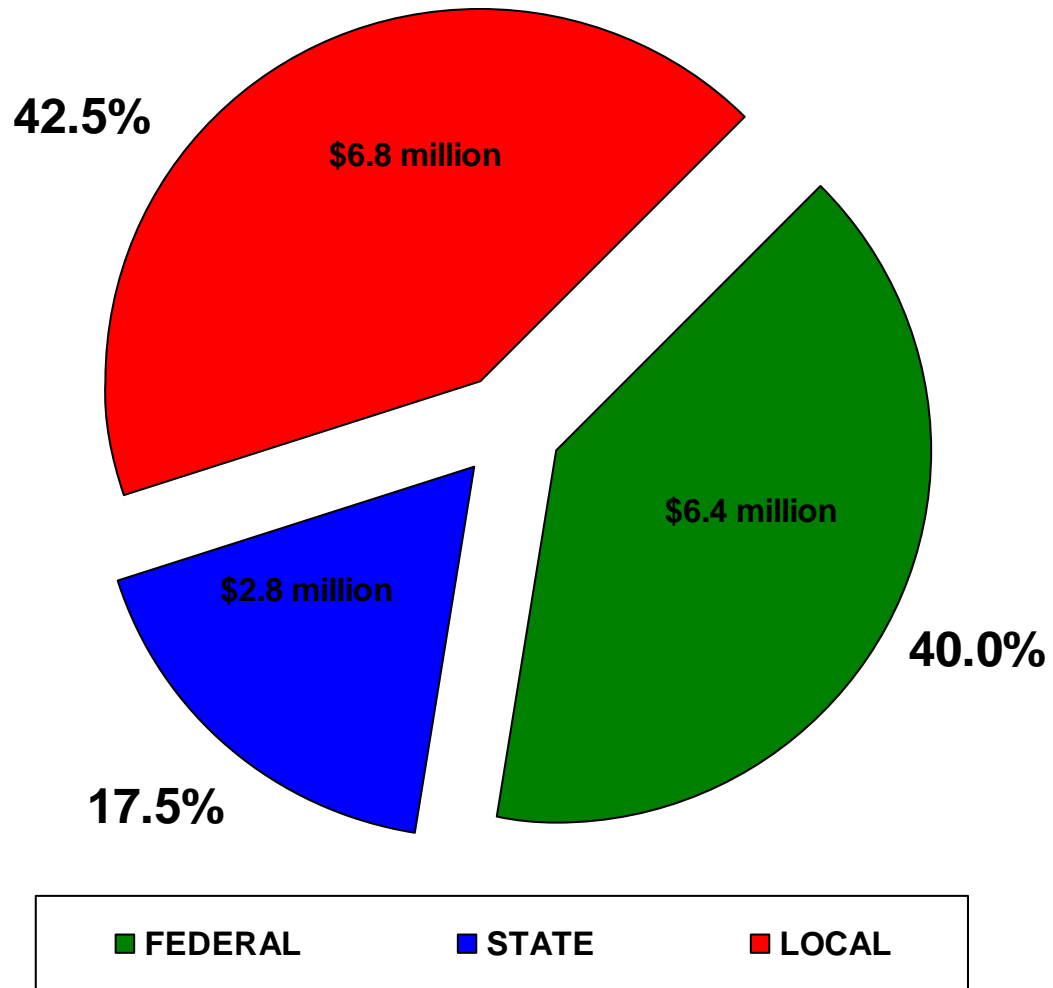
■ % of Total Students ■ % of Total General Fund Expenses



**SHAKER HEIGHTS CITY SCHOOL DISTRICT
SPECIAL EDUCATION EXPENSES
Under Current Funding Structure
actual for 2011-2012**

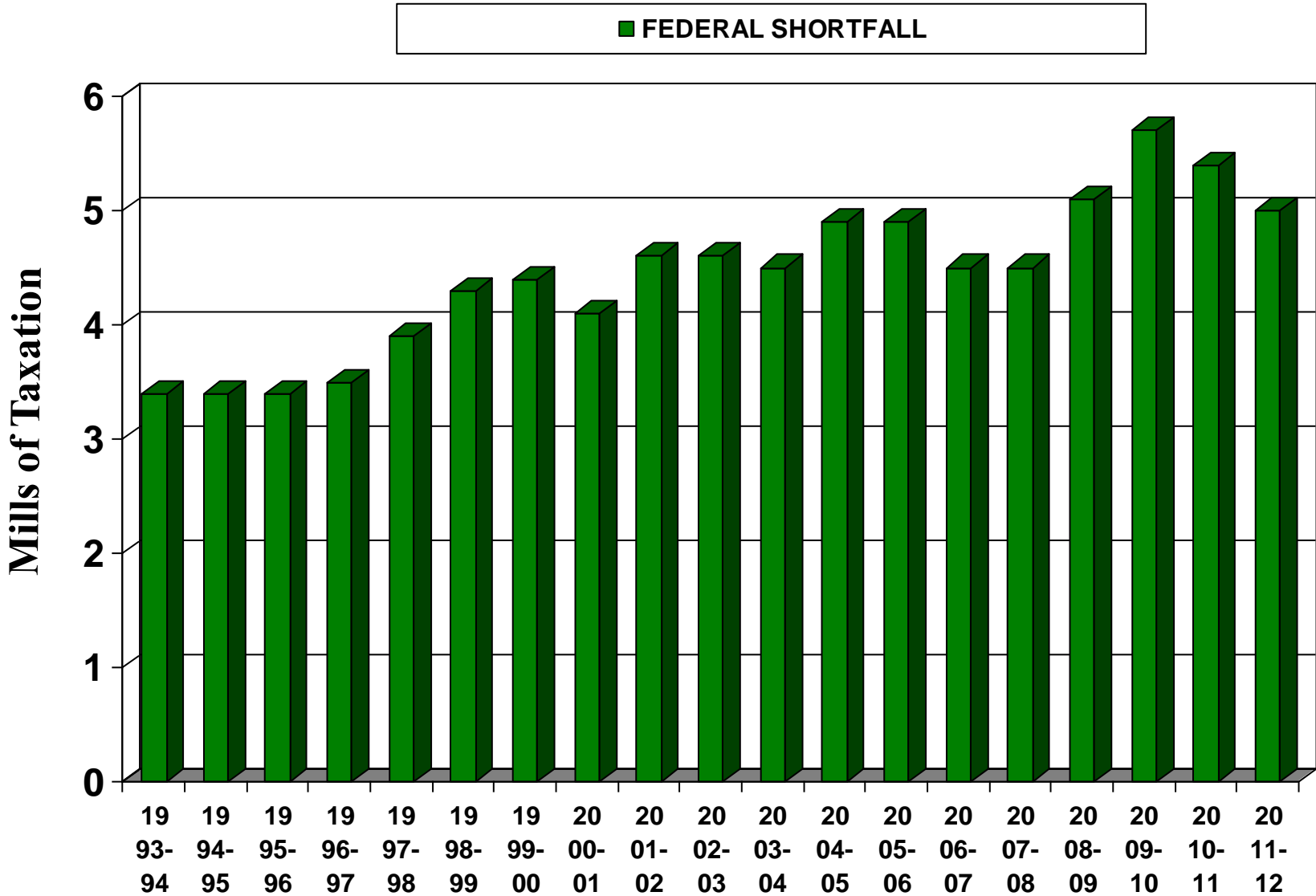


**SHAKER HEIGHTS CITY SCHOOL DISTRICT
SPECIAL EDUCATION EXPENSES
If Federal Funding Were 40%
for 2011-12**

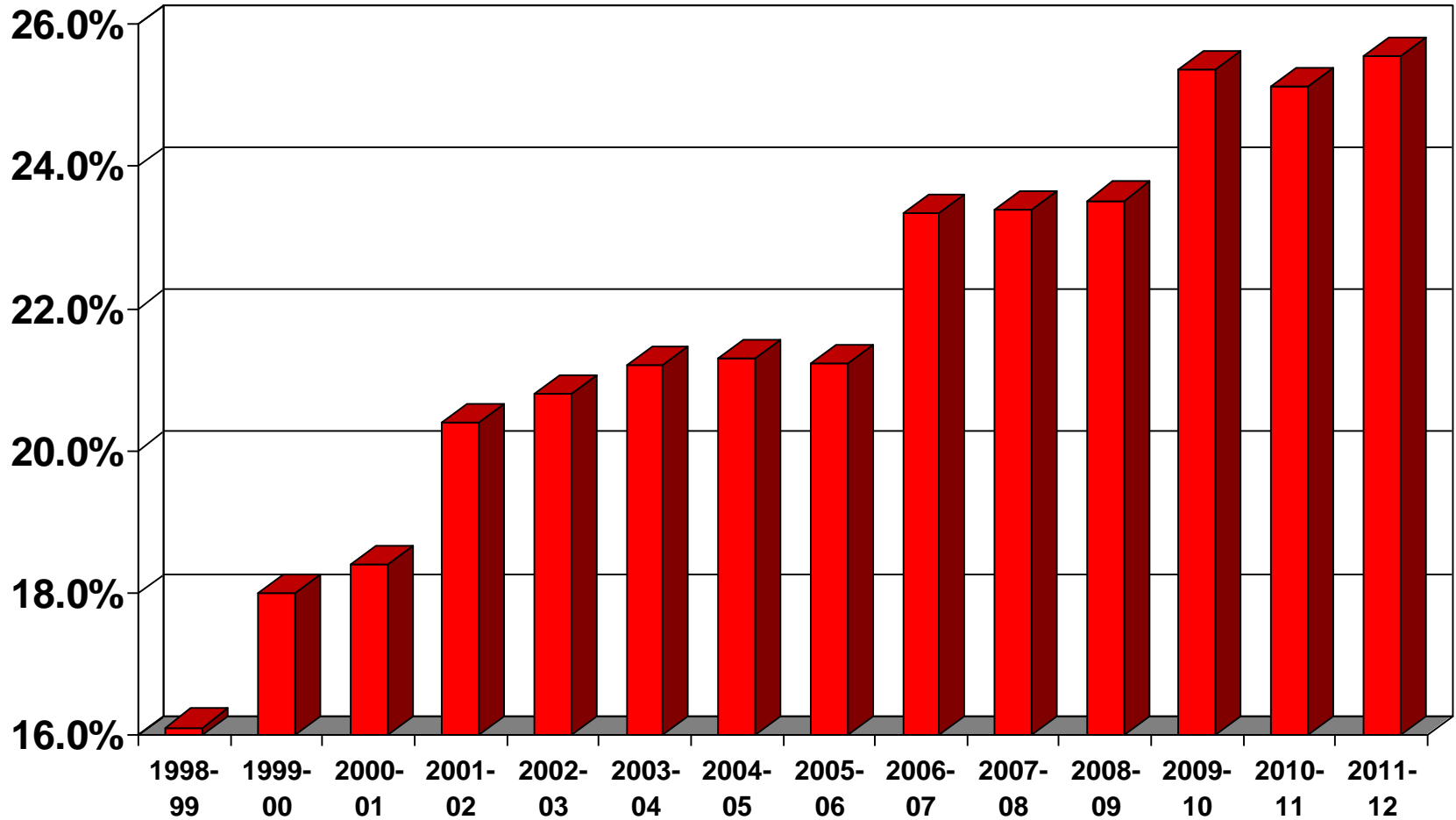


SHAKER HEIGHTS CITY SCHOOL DISTRICT

Federal Shortfall of Special Education Funding in Mills



**SHAKER HEIGHTS CITY SCHOOL DISTRICT
SPECIAL EDUCATION STAFF
as % of
TOTAL EDUCATION STAFF
(in-house)**





Shaker Heights City School District Special Education Expense Data Historical Summary

	1993-94 Base Year	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual
Spec.Ed.Exp.-DirectInstr.-Gen.Fd.	\$4,538,930	\$9,019,971	\$10,104,451	\$10,130,819	\$10,495,121	\$10,623,646	\$11,409,901	\$12,210,986	\$11,690,116	\$11,645,847
Spec.Ed.Exp.-Related Svcs.-Gen.Fd.	\$698,858	\$1,987,303	\$2,055,635	\$2,146,489	\$2,063,024	\$2,081,848	\$2,133,257	\$2,313,757	\$2,212,062	\$2,188,769
Spec.Ed.Exp.-Federal Funds-516 & 587	\$175,913	\$779,211	\$1,140,363	\$1,312,104	\$1,438,096	\$1,508,767	\$1,197,476	\$1,509,028	\$1,636,127	\$2,139,068
Total Spec.Ed.Exp.	\$5,413,701	\$11,786,485	\$13,300,449	\$13,589,412	\$13,996,241	\$14,214,261	\$14,740,634	\$16,033,771	\$15,538,305	\$15,973,684
Annual % Change		11.5%	12.8%	2.2%	3.0%	1.6%	3.7%	8.8%	-3.1%	2.8%
% Change from base year		117.7%	145.7%	151.0%	158.5%	162.6%	172.3%	196.2%	187.0%	195.1%
Total Spec.Ed.Exp.as% of Gen.Fd.Exp.	11.4%	16.1%	17.2%	17.4%	18.0%	17.4%	17.4%	17.8%	17.5%	18.4%
% Change from base year		41.2%	50.9%	52.6%	57.9%	52.6%	52.6%	56.1%	53.5%	61.4%
Federal Funding (516 & 587)	\$175,913	\$779,211 (d)	\$1,140,363 (e)	\$1,312,104 (e)	\$1,438,096 (e)	\$1,508,767 (e)	\$1,197,476 (e)	\$1,509,028 (k)	\$1,636,127 (k)	\$2,139,068 (k),(l)
% of Total Spec.Ed.Exp.	3.2%	6.6%	8.6%	9.7%	10.3%	10.6%	8.1%	9.4%	10.5%	13.4%
State Unit Funding	\$881,835	\$3,287,386 (c,f)	\$3,516,626 (c,f,i)	\$4,039,441 (c,f,i)	\$4,364,333 (c,f,i)	\$4,152,336 (c,f,i)	\$3,815,184 (c,f,i)	\$2,964,230 (c,f,i,j)	\$3,040,875 (c,f)	\$2,800,000 (c,f)
% of Total Spec.Ed.Exp.	16.3%	27.9%	26.4%	29.7%	31.2%	29.2%	25.9%	18.5%	19.6%	17.5%
Local Funding	\$4,355,953	\$7,719,888	\$8,643,460	\$8,237,867	\$8,193,812	\$8,553,158	\$9,727,974	\$11,560,513	\$10,861,303	\$11,034,616
% of Total Spec.Ed.Exp.	80.5%	65.5%	65.0%	60.6%	58.5%	60.2%	66.0%	72.1%	69.9%	69.1%
Total General Fund Expenses	\$47,413,222	\$73,097,253	\$77,169,995	\$78,120,728	\$77,860,541	\$81,570,345	\$84,660,118	\$89,935,453	\$88,771,390	\$86,977,530
Annual % Change		6.3%	5.6%	1.2%	-0.3%	4.8%	3.8%	6.2%	-1.3%	-2.0%
% Change from base year		54.2%	62.8%	64.8%	64.2%	72.0%	78.6%	89.7%	87.2%	83.4%
Total General Fund Expenses Without Special Education	\$42,175,434	\$62,089,979	\$65,009,909	\$65,843,420	\$65,302,396	\$68,864,851	\$71,116,960	\$75,410,710	\$74,869,212	\$73,142,914
Annual % Change		5.5%	4.7%	1.3%	-0.8%	5.5%	3.3%	6.0%	-0.7%	-2.3%
% Change from base year		47.2%	54.1%	56.1%	54.8%	63.3%	68.6%	78.8%	77.5%	73.4%
Federal Funding "Shortfall" (h)	\$1,989,567	\$3,935,383	\$4,179,817	\$4,123,661	\$4,160,400	\$4,176,937	\$4,698,778	\$4,904,480	\$4,579,195	\$4,250,406
% of Total Spec.Ed.Exp.	36.8%	33.4%	31.4%	30.3%	29.7%	29.4%	31.9%	30.6%	29.5%	26.6%
% of Total General Fund Expenses	4.2%	5.4%	5.4%	5.3%	5.3%	5.1%	5.6%	5.5%	5.2%	4.9%

- (a) - Adjusted to reflect proration by year earned for tutor back pay (General Fund).
- (b) - Includes the per pupil and weighted spec.ed. amounts adjusted for the effects of the 23 mill chargeoff & the ceiling cap limitation.
- (c) - Includes the per pupil and weighted spec.ed. amounts adjusted for the effects of the 23 mill chargeoff. Ceiling Cap eliminated after Fiscal 2000-01. EBM model effective F10; Bridge funding in F11&F12..
- (d) - Due to substantial increase in Federal per pupil funding combined with an increase in number of pupils.
- (e) - Fiscal years 2005-08 had substantial increase in Federal funding due to four-year phase-out of accumulated funds at State level.
- (f) - Includes catastrophic aid reimbursements: F01=\$41,837; F02=\$193,243; F03=\$320,476; F04=\$508,919; F05=\$393,507; F06=\$490,907; F07=\$869,525; F08=\$647,198; F09=\$592,167; F10=\$279,359; F11=\$249,771; and F12=\$317,807.
- (g) - Restated to reflect catastrophic aid reimbursements as listed in footnote (f) above.
- (h) - Calculated as difference between 40% of total special education costs less actual federal funding received.
- (i) - Includes Excess Cost Supplement amounts: F05=\$40,000, F06=\$213,766; F07=\$196,754; F08=\$462,433; F09=\$309,709; and F10&11=\$0 due to new EBM model implementation; and F12=\$0 under Bridge funding.
- (j) - Reduction due to conversion to Evidenced Based Model State funding beginning in F10, replaced by Bridge formula in F11 & F12. Also includes 50% reduction in catastrophic aid reimbursement due to reduction in State funding.
- (k) - Includes Federal Stimulus Funds of \$397,961 in F10; \$510,558 in F11; and \$386,101 in F12.
- (l) - Includes additional usage of regular carryover Federal Grant Funds in F12.

10/05/12



**Shaker Heights City School District
Special Education Student Data
Historical Summary**

	1993-94 Base Year	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual
Number of Special Education Students	535	859	857	884	846	822	768	740	744	759
Annual Change		33	(2)	27	(38)	(24)	(54)	(28)	4	15
% Change from base year		60.6%	60.2%	65.2%	58.1%	53.6%	43.6%	38.3%	39.1%	41.9%
Total number of non special education students	4,546	4,764	4,877	4,744	4,731	4,660	4,774	4,744	4,746	4,687
Annual Change		(18)	113	(133)	(13)	(71)	114	(30)	2	(59)
% Change from base year		4.8%	7.3%	4.4%	4.1%	2.5%	5.0%	4.4%	4.4%	3.1%
Total number of students	5,081	5,623	5,734	5,628	5,577	5,482	5,542	5,484	5,490	5,446
Annual Change		15	111	(106)	(51)	(95)	60	(58)	6	(44)
% Change from base year		10.7%	12.9%	10.8%	9.8%	7.9%	9.1%	7.9%	8.0%	7.2%
Special Education Students as % of Total Students	10.5%	15.3%	14.9%	15.7%	15.2%	15.0%	13.9%	13.5%	13.6%	13.9%

10/05/12