



SHAKER HEIGHTS CITY SCHOOL DISTRICT

BOARD OF EDUCATION
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www.shaker.org

February 2006

Dear Residents:

As you may know, we have taken action to place an operating levy on the ballot on May 2, 2006. We are firmly convinced that this levy is absolutely essential to maintain the quality of the Shaker schools for the sake of our students, our property values, and the future of our community.

School levies are a fact of life in Ohio because of a piece of legislation passed in 1976, House Bill 920, which freezes property tax revenues to schools. Unlike income and sales taxes, which rise with inflation, school property tax revenue is frozen at the last dollar amount approved by voters. School districts must therefore pass levies every few years just to keep even with inflation. Our last operating levy was passed in 2003. (If it were not for House Bill 920, Shaker would have needed at most one small operating levy since 1976 to have resulted in the same effective tax rate that we have today.)

The District's need for a new levy has been heightened by a number of recent actions by the State of Ohio that eliminate several significant sources of State and business revenue to the schools, resulting in projected annual losses of more than \$5 million to the School District. At the same time, both the state and federal governments continue to shift costs to local school districts, with increasingly expensive mandates for such services as special education and testing.

The Ohio Supreme Court has ruled four times that our State's school funding system is unconstitutional in that it relies too heavily on local property taxes. Although repeatedly ordered by the Court to overhaul the system, the General Assembly has failed to comply. The Shaker Board of Education and senior staff members devote substantial energy to lobbying and advocacy efforts toward reforming school funding at the state and federal levels. Although everyone knows the funding system is broken, the State has given us no choice but to continue supporting our schools locally.

While, as explained above, school revenues are projected to decrease substantially, we are squeezed by growth in expenses such as energy and health care costs. Under these circumstances, to continue to fund our current level of operations would require a new levy of 15 to 16 mills. That, we feel, is more than we can ask of the taxpayers. We have concluded that our best course of action is to seek a smaller levy (9.9 mills) and, at the same time, reduce our expenses. Our residents and businesses are tightening their belts. We know that our community expects the schools to do the same.

The District has long pursued cost efficiencies by operating under cost containment caps; by making strategic shifts in its health care, workers' compensation, and prescription drug plans; by undertaking an aggressive risk management program to contain insurance costs; and by participating in various purchasing consortia. Shaker Heights was one of the first districts in Ohio to negotiate health insurance co-payments from its employees.

The District is already taking action to reduce expenditures by about \$4.5 million for the 2006-07 school year. That represents more than 5% of the total operating budget. Although these reductions will be felt in every school, division, and employee group, we will do everything possible to minimize the impact on the classroom.

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Additional cost-saving measures this academic year include:

- A salary freeze for all administrators and all other employees not covered by collective bargaining agreements (about 25% of all personnel)
- Strict guidelines to reduce overtime
- Spending reductions in custodial, maintenance, and grounds operations
- An aggressive energy conservation program
- An 8% reduction in all budgets for materials and services

More cost-containment measures are in progress. We hope to avoid layoffs by effecting personnel reductions through attrition where possible.

After careful consideration of all alternatives, we have concluded that this combination of spending reductions and a levy request is our only responsible course of action. With the levy and these planned reductions in expenditures, we will be able to maintain the quality for which the Shaker schools are known. Without this levy, the District would have to reduce spending by \$8.8 million next year and \$14.4 million the following year, necessitating substantial numbers of layoffs of teachers and other employees; reductions in transportation and professional development; and reduction or elimination of some of the programs that distinguish Shaker from other school districts.

The Shaker school system remains the top reason people choose to move to Shaker Heights, and is renowned nationally. Shaker was the only high school in Ohio, public or private, listed by the *Wall Street Journal* as a top feeder school for the nation's most highly selective colleges and universities (reprinted on www.shaker.org at the News link). Our minority achievement program has been featured by ABC, CNN, and recently *The New York Times* as a successful model for other communities. Our students consistently win awards and honors in fine and performing arts, physics, foreign languages, athletics, Junior Council on World Affairs, mathematics, the National Merit and National Achievement scholarship programs, Advanced Placement exams, and Federal Reserve economics competitions. The high quality of the schools depends upon the continuing support of the community.

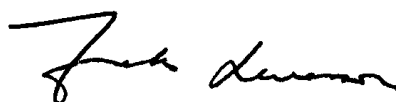
We are enclosing a fact sheet with more detailed information about the levy. We have posted additional information, including the full report of our District's Finance and Audit Committee, which recommended the levy, at www.shaker.org/2006levy. We stand ready to respond to any further questions you might have.

Yours truly,

The Shaker Heights Board of Education



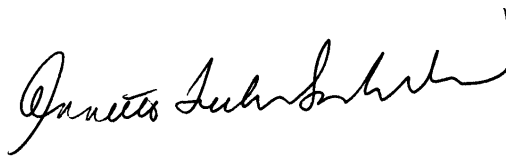
Norman Bliss



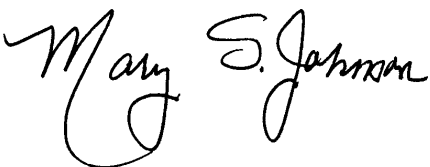
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Enclosure