

March 21, 2011

Management Letter - Final

George L. Perez, Superintendent
Mt. Pleasant Elementary School District
3434 Martin Avenue
San Jose, CA 95148

Dear Superintendent Perez:

The purpose of this management letter is to confirm the findings and recommendations formulated by the Fiscal Crisis and Management Assistance Team (FCMAT) for the special education study conducted at Mt. Pleasant Elementary School District. These findings and recommendations were shared at the exit meeting held in the district conference room on March 4, 2011.

The FCMAT study team would like to thank the staff and administration for their cooperation. As outlined in the study agreement, FCMAT will not provide a final report; this management letter will capture the on-site work conducted March 2-4, 2011.

The scope and objectives of this study are to:

1. Review all staffing levels for certificated and classified employees and caseloads per full time equivalent (FTE) position and make recommendations regarding efficiency. This will include and not be limited to: review of school psychologist ratio, speech therapists, occupational therapist, all teachers and aide ratios to class size.
2. Review all contracts with NPS, NPA, and any other contracts involving special education services.
3. Conduct fiscal analysis of the district's special education encroachment on the general fund. Conduct a comprehensive review of the efficiency and effectiveness of the special education delivery system and determine how the program can be more cost efficient. The review will include recommendations to reduce the level of contributions from the unrestricted general fund while sustaining the quality of services and meeting the legal and maintenance of effort requirements of the program. Review maintenance of effort, and determine if all options are considered for funding special education. This includes but is not limited to medical administrative activities, Title I, II, and III.

FCMAT

Joel D. Montero, Chief Executive Officer

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Staffing

The district's seven resource specialists carry an average caseload of 23.9 as of February 28, 2011. The state requirement is a maximum of 28 students per resource specialist (RS). Staff reported that some students in the RS program could be exited because they are either on "consult" or no longer need special education services. However, they are not being exited for a variety of reasons. The 10 mild/moderate special day classes (SDC) have 11-17 students. These are all within generally accepted guidelines. There are two moderate/severe classes that also fall within those guidelines.

The district has 3 full-time equivalent (FTE) psychologists, plus one psychologist who is a consultant at the charter school. The district's average daily attendance (ADA) is approximately 2,670. The state average is one psychologist per 1,326 students. The psychologists do the assessments and have several other duties including attending student study teams, behavior case managers, referring to county programs, crisis counseling, and attending as the administrator designee all RS and SDC individualized education program (IEP) meetings. The site principals do not attend IEP meetings unless there is a specific reason for them to attend.

Site principals should be the administrative designee for all annual IEPs and many of the triennial IEPs at their site. They may need training to assume this role. The district administrator or psychologist would continue to attend IEPs that require a greater level of special education knowledge. By relieving the psychologist of the responsibility of IEP administration, 1 FTE psychologist could be reduced for a savings to the district of \$82,882, based on the average psychologist salary.

The district has 4 FTE speech therapists. Two speech therapists share the preschool programs, with a total caseload of 35. The state maximum caseload is 40 for 1 FTE. The K-8 caseload average is 57.6 for 1 FTE, with a state maximum of 55 for 1 FTE unless the local SELPA specifies a different ratio.

The district has two part-time occupational therapists. One therapist is contracted for 18 hours per week and the other for 24 hours per week for a total of 42 hours per week. These are classified positions and therefore would be considered 1.05 FTE. Their combined caseload is 31. The state average is 45. The occupational therapist contracts should be re-evaluated and reduced as appropriate based on the caseload.

The district employs 23 aides who are assigned to resource specialists and special day classes. All of these aides are .625 except one who is .5. There are also 13 aides who are considered 1:1 aides. Of these, three are .625 and 10 are .75. The number of aides assigned to a resource class or special day class meets generally accepted guidelines. However, all of these positions receive benefits. Many districts hire two part-time aides to replace one five- or six-hour benefited position. Changing all of these positions to part-time – two 3-hour positions to replace each 5-6 hour position – would save the district \$299,385.

Identification for Special Education and Related Costs

Overstaffing is not a significant problem because most of the district's special education programs are staffed appropriately. However, the percentage of students in special education is high. The state average for 2009-10 for K-12 special education students was 9.92%. The December 1, 2010 California Special Education Management Information System (CASEMIS) count indicated that the Mt. Pleasant District of Service percentage was 13.1% and District of Residence was 13.7%. The higher percentage includes district students who are in a county office of education (COE) or other district program. This does not include infants, preschoolers or students in court/community schools.

The state average in 2009-10 for special education students identified with specific learning disabilities (SLD) was 42.3%. The December 1, 2010 CASEMIS count indicated that the district's percentage of students identified as SLD was 61.3%. The percentage of district students identified as Hispanic is approximately 70%, but approximately 84.5% of the students in the district's special education program are identified as Hispanic.

The Hispanic population is significantly overidentified as having SLD. It is strongly recommended that the district make efforts to improve its services to Hispanic students by establishing a strong pre-referral program that uses well-defined RtI and other interventions to improve educational performance before identifying a student for special education services.

Last year 32 students were exited from special education. Of those 32, eight students were returned to regular education, one student exited by parent request, and the others transferred out of the district either to the high school or to other districts. The December 1, 2010 special education count increased by 21 students over the December 1, 2009 count. The district would have to exit 101 current special education students to achieve the state average of 9.92%.

Several administrators and staff reported that the district does not have a consistent and structured Response to Intervention (RtI) program and that supports for English language learners are not as comprehensive as needed to prevent special education referrals. This has not been reviewed in depth during this brief study but warrants further examination.

Further analysis of all RS caseloads should be conducted to determine which students on consult should either be placed on a 504 plan or exited. Caseloads also should be analyzed to determine if any students were erroneously placed in special education or no longer qualify. A minimum of .5 RS positions should be reduced based on current caseloads. Once the RS caseloads have been reviewed and appropriately reduced, RS staffing may be reduced by at least another .5 FTE. This is a minimum savings to the district of \$45,302 based on the average salary of current resource specialists.

The speech therapist caseload should be further analyzed to determine if any of these students should be exited from special education and if any students are in special education due to second language issues.

Further analysis of the district's RtI interventions and supports for English language learners should be conducted to determine if consistent and structured interventions are utilized prior to referral for special education.

The district should consider reviewing all nonpublic school (NPS), nonpublic agency (NPA) and any other contracts involving special education services. No district students currently attend an NPS. There are \$99,000 in contracts for applied behavior analysis (ABA) NPA services, Spanish assessment, and subs for IEPs. There is \$276,608 in hourly contracts for occupational therapy and ABA aides. The list of students in COE programs provided by the district does not completely align with the list provided by the SELPA. Using the district list, the district should expect to incur \$1,114,920 in costs, including transportation. The district has reduced the number of students in the county program, and hopes to reduce the number further with a moderate/severe class that began in January 2011.

Contracts with NPAs should be carefully reviewed and reduced as caseloads warrant and as services now provided by NPAs or other contracted employees can be provided by district employees. Students attending COE programs should be reviewed to determine if a district or SELPA-coordinated program can be developed for them.

Between 2006-07 and 2010-11, the percentage of total special education expenditures paid from the district's unrestricted general funds increased from 38.21% to a projected 52.4%. There was an increase

of 3.17% between 2006-07 and 2008-09. Between 2008-09 and 2009-10, the increase was 3.29%. This is noteworthy because ARRA funds enabled the district to reduce its required maintenance of effort level in 2009-10.

Federal funding increased from \$554,677 in 2008-09 to \$1,035,730.41. This included an expenditure of \$56,157 of ARRA funds in 2008-09 that were not recorded as 2008-09 expenditures. The district did not take the opportunity to reduce its maintenance of effort requirement by approximately \$250,000 in ARRA funding to free up local contribution dollars. This would have allowed the district to address improvements in programs for English language learners and systemic interventions prior to referring students for special education services. Unfortunately, that opportunity has passed. The local maintenance of effort requirement increased by \$449,000 for 2010-11. The 2010-11 budget projects a local contribution of an additional \$500,000 for a total of \$2,988,412.

It is highly recommended that the district review the past two years from both fiscal and programmatic points of view to better understand the opportunities that were missed and how the district can best utilize its funding and program options in the future.

Other fiscal data shows that the SELPA administrative unit expends more funding than the state provides for regionalized services/program specialist services. In 2009-10, the SELPA was provided \$1,654,688.44 in RS/PS funds. Of that amount, \$915,000 was distributed to the districts (of which \$2,300 was provided to Mt. Pleasant). Additionally, \$604,318 funded the operations of the SELPA administrative unit, \$131,633 and \$87,811 funded program specialist support for emotional disturbance and behavior intervention activities and a psycho-educational support activity to facilitate student success, and \$104,201 funded programs and services for students with visual impairments.

These expenditures total \$1,842,963, which exceeds the state apportionment by \$188,275. No source of funding was found for this excess expenditure.

The district does not participate in the MediCal Administrative Activities (MAA) program. This is a serious oversight because the district serves a socioeconomic population that can generate considerable funding to offset the administrative costs of providing MediCal services. Unlike MediCal funds, MAA funds are unrestricted.

Given its high population of eligible students, it is quite surprising that the district's budget indicates excessive carryover in the Title I program and excessive unencumbered balances in Titles II and III. By combining these resources, local funds that could be recaptured from funding special education expenditures, and existing resources, the district could create a service model that could reduce its population of students requiring special education, provide more appropriate educational opportunities for its limited English proficiency population, and establish an effective and meaningful pre-referral intervention program.

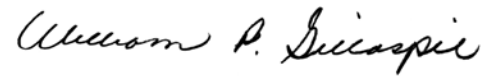
Each student that moves from a special education program to an alternative education program and is considered a Section 504-eligible pupil (disabled but not requiring special education services) would have a 504 plan instead of an IEP. Each student would carry back \$14,700 based on the district's per pupil expenditure rate on its 2010-11 special education maintenance of effort budget (SEMB). Thus, 20 students would reduce the district's pupil count and reduce the local contribution to special education by \$294,000.

As the district requested, the study team has collected and analyzed data and interviewed school district staff to develop this management letter, with a brief on-site visit. A more complete analysis would require more on-site time to formulate more in-depth findings and recommendations.

Should you have questions or require additional information, please contact me at 661- 204-0579.

Thank you for allowing FCMAT to provide services to the district that we hope will be beneficial to all concerned.

Sincerely,

A handwritten signature in cursive script that reads "William P. Gillaspie".

William P. Gillaspie, Ed.D.
Chief Management Analyst

C: Cynthia Shieh, Asst. Supt. Business and Operations