



Structural Deficit Reduction Plan (SDRP) Phase III Continued Discussion

November 3, 2025



EVANSTON/SKOKIE
SCHOOL DISTRICT 65

Every Child, Every Day, Whatever it Takes



Tonight's Goal and Agenda



Goals: Get Board direction on key assumptions for SDRP Financial Model

Agenda

- Review Updated 2-School Closing Scenarios
- Board discussion around financial modeling components based on 10/27/2025 board meeting directive:
 - Right Sizing Facilities (School closing scenarios)
 - Reinvesting in Buildings (Deferred and future capital projects)
 - Financial Sustainability (Structural deficit)
- Next steps



**Creating a bright
future for current
and future
generations of
District 65 learners**



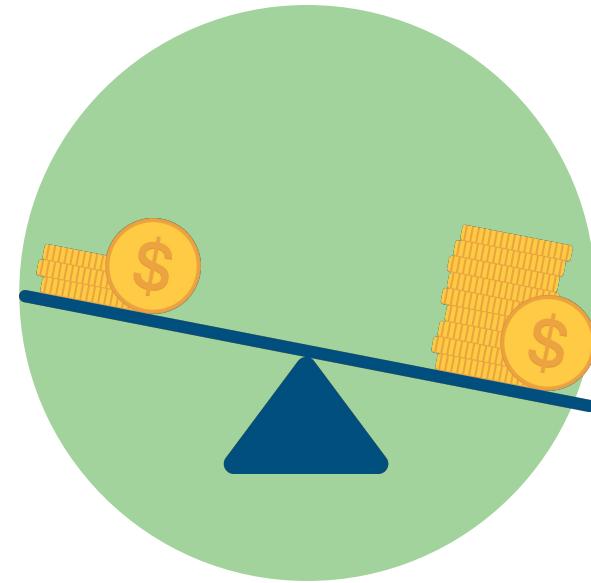
Why consider the need for consolidation/closures?



Declining Student Enrollment and Underutilized Schools



School Buildings in Need of Significant Repairs and Improvements



Ensuring Long-term Financial Stability & Investing in our Future

Our Reality: Taking a holistic look



Students

6,193 Students

declining enrollment for the next 10 years (aging population)

65% 58% Occupancy

school building occupancy

Decreasing # of Youth

2020 Census indicates a decreasing # of youth under 13

79.3% Enrollment Average

D65 returns to pre-pandemic student enrollment



Facilities

18 School Buildings

(+Foster) with 1.2M sq ft of building space

8 Square Miles

D65 Attendance Boundaries

79 Years Old

(average building age)

\$188 Million

in recommended facility repairs/improvements

Poor or Very Poor

building conditions



Finance

\$189 Million

operating budget

\$20 Million

in operational reductions over the past two years alone

\$10 -15 Million

in estimated reductions necessary for FY27

2.3% Expense Growth

expenses outpace revenues on an annual basis (*structural deficit*)⁵

Evolution/Phases of Structural Deficit Reduction Plan



FY24	FY25	FY26	FY27 (Current)
Identification	Phase I: Immediate Cuts	Phase II: Stabilize	Phase III: Sustainability
Began in February 2024	\$6.5M in Reductions Hiring Freeze, eliminated vacant positions Purchased Services reductions Went into effect: July 1, 2024	\$13.2M in Reductions Stakeholder Engagement & Decision-making: December 2024 January 2025 Went into effect: July 1, 2025	\$10-15M in Reductions Stakeholder Engagement & SDRP Committee Work: Began February 1 and remains ongoing Goes into effect: July 1, 2026



Revisiting the Need for Budget Reductions

Our current reality as of Sept. 29 (if no action is taken)

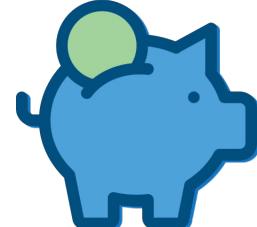
	FY21 actuals	FY22 actuals	FY23 actuals	FY24 actuals	FY25 estimated	FY26 budget
Surplus/Deficit	\$3,288,685	\$6,099,923	-\$7,918,262	-\$8,531,093	-\$327,969	-\$197,789

Projected
Days Cash on Hand



FY27:	70
FY28:	47
FY29:	23
FY30:	-2

Projected
Fund Balance



Financial Projections



Operating Fund Projections Baseline						
Operating Funds	FY25-Est	FY26-Bud	FY27-Proj	FY28-Proj	FY29-Proj	FY30-Proj
Revenues	168,376,918	175,485,091	179,466,529	184,018,518	188,669,262	193,419,508
Expenditures	168,704,887	175,682,880	183,874,315	192,461,333	198,914,719	205,389,354
Net Change in Fund Balance	(327,969)	(197,789)	(4,407,786)	(8,442,815)	(10,245,457)	(11,969,846)
Fund Balance Transfer	(915,610)	(3,954,038)	(8,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Other Sources/(Uses)	915,610	2,314,585	-	-	-	-
Beginning Fund Balance	50,114,571	49,786,601	47,949,359	35,541,573	25,098,758	12,853,301
Ending Fund Balance	49,786,601	47,949,359	35,541,573	25,098,758	12,853,301	(1,116,546)
Days Cash on Hand >90 Days	107	99	70	47	23	-2



School Closure Scenarios



Summarization of the Board Discussion

Decision: Focus on 2 school closures in the Haven feeder pattern (2A, 2D, and 2F) and consider simultaneous or staggered closures.

Requested Action:

- Refine 2A, 2D and 2F (Complete)
- Provide administrative analysis of simultaneous or staggered 2 school closures drawing input from the administration's facility committee (Complete)
- Model sequentially - with Kingsley closed (Complete)
- Change management - simultaneous v. staggered. (11/17/25 meeting)
- Map to ensure room for related services and programming. (11/17/25 meeting)
- Finalizing public engagement report (11/17/25 meeting)



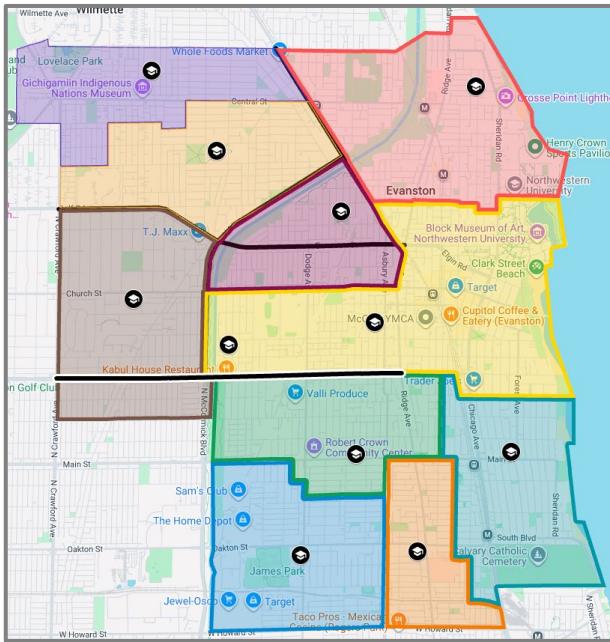
Sequential Modeling



Sequential Modeling: Updated Utilization Data

Close Kingsley at end of 2025-26

- Close TWI Section @ Willard, Willard TWI students assigned to a different TWI program based on where they live.
- STEP stays at Lincolnwood



Schools

	Enroll Total	Util Total
Dawes Elementary School	341	79%
Dewey Elementary School	355	66%
Kingsley Elementary School	0	0%
Lincoln Elementary School	337	59%
Lincolnwood Elementary School	274	67%
Oakton Elementary School	387	83%
Orrington Elementary School	224	52%
Walker Elementary School	281	65%
Washington Elementary School	435	82%
Willard Elementary School	244	46%
Dr Bessie Rhodes School of Global Studies	0	0%
Foster School	448	78%
Dr Martin Luther King Jr Literary & Fine Arts School	441	68%
Chute Middle School	578	73%
Haven Middle School	649	69%
Nichols Middle School	623	88%
Park School	52	48%
Family Center	26	43%
Rice Childrens Center	21	0%
Joseph E Hill Education Center	263	65%
Not in D65	12	0%

Updated Baseline Scorecard (Using 10/1/25 Enrollment)



School Name	Equity			Geography		Building Functionality				Income	Costs			Total Score
	Students Changing Schools	Who Is Impacted	Equity Score	School Proximity	Geography Score	ADA Compliance	Gym Cafeteria Separation	Teaching Stations	Building Score	Income Potential	Capital Expense	Operating Cost	Costs Score	
Updated Baseline FY26 Enrollment														
Orrington Elementary School	1.9	1.9	1.9	5.0	5.0	1.0	1.0	1.7	1.2	4.0	5.0	5.0	5.0	3.6
Dawes Elementary School	3.2	4.9	4.0	3.0	3.0	5.0	1.0	1.3	2.4	5.0	4.0	4.4	4.2	3.6
Walker Elementary School	2.7	3.0	2.9	3.4	3.4	2.3	5.0	1.0	2.8	4.1	4.4	4.6	4.5	3.5
Lincoln Elementary School	3.5	3.9	3.7	3.1	3.1	5.0	5.0	4.0	4.7	1.0	3.4	2.9	3.1	3.3
Dewey Elementary School	3.8	4.1	3.9	1.5	1.5	3.7	5.0	3.0	3.9	4.6	3.9	3.7	3.8	3.2
Dr Martin Luther King Jr Literary & Fine Arts School	5.0	5.0	5.0	2.4	2.4	5.0	5.0	5.0	5.0	3.4	1.0	1.0	1.0	3.2
Willard Elementary School	1.2	1.3	1.2	3.3	3.3	5.0	5.0	3.0	4.3	3.2	4.4	3.8	4.1	3.2
Oakton Elementary School	4.6	5.0	4.8	1.7	1.7	1.0	5.0	3.7	3.2	1.6	1.6	3.4	2.5	2.8
Washington Elementary School	4.9	4.0	4.4	1.2	1.2	3.7	5.0	3.0	3.9	3.4	1.9	1.7	1.8	2.7
Lincolnwood Elementary School	1.3	1.5	1.4	1.6	1.6	1.0	1.0	1.3	1.1	4.3	3.9	4.8	4.3	2.3
Kingsley Elementary School	1.0	1.0	1.0	1.0	1.0	5.0	1.0	1.7	2.6	2.1	3.5	3.8	3.7	1.9

Sequential Modeling: Updated Baseline Scorecard



Close Kingsley and update baseline scorecard (Haven Feeder)

Sequential Updated Baseline (Haven Feeder)	Equity			Geography		Building Functionality				Income	Costs			Total Score
	Students Changing Schools	Who Is Impacted	Equity Score	School Proximity	Geography Score	ADA Compliance	Gym Cafeteria Separation	Teaching Stations	Building Score	Income Potential	Capital Expense	Operating Cost	Costs Score	
Orrington Elementary School	1.0	5.0	3.0	5.0	5.0	1.0	1.0	1.8	1.3	3.8	5.0	5.0	5.0	3.9
Willard Elementary School	2.6	1.0	1.8	2.7	2.7	5.0	5.0	5.0	5.0	1.0	2.7	1.0	1.9	2.5
Lincolnwood Elementary School	5.0	1.9	3.4	1.0	1.0	1.0	1.0	1.0	1.0	5.0	1.0	4.2	2.6	2.2

Note: As of 2026-27, the Haven feeder pattern consists of Orrington, Willard, Lincolnwood and Foster in this scenario. Foster was not modelled as it is not currently open and is a new building and school.

Sequential Modeling: Updated Baseline Scorecard



Close Kingsley and update baseline scorecard

- Kingsley is removed from the scorecard

Sequential Updated Baseline	Equity			Geography		Building Functionality				Income	Costs			Total Score
	Students Changing Schools	Who Is Impacted	Equity Score	School Proximity	Geography Score	ADA Compliance	Gym Cafeteria Separation	Teaching Stations	Building Score	Income Potential	Capital Expense	Operating Cost	Costs Score	
Orrington Elementary School	1.0	1.7	1.3	5.0	5.0	1.0	1.0	1.7	1.2	4.0	5.0	5.0	5.0	3.5
Dawes Elementary School	3.2	4.5	3.8	2.2	2.2	5.0	1.0	1.3	2.4	5.0	4.0	4.4	4.2	3.3
Willard Elementary School	1.4	1.0	1.2	3.1	3.1	5.0	5.0	3.0	4.3	3.2	4.4	3.8	4.1	3.1
Walker Elementary School	2.1	2.8	2.4	2.3	2.3	2.3	5.0	1.0	2.8	4.1	4.4	4.6	4.5	3.0
Lincoln Elementary School	3.1	3.7	3.4	2.4	2.4	5.0	5.0	4.0	4.7	1.0	3.4	2.9	3.1	3.0
Dewey Elementary School	3.4	3.9	3.7	1.0	1.0	3.7	5.0	3.0	3.9	4.6	3.9	3.7	3.8	3.0
Dr Martin Luther King Jr Literary & Fine Arts School	5.0	4.8	4.9	1.8	1.8	5.0	5.0	5.0	5.0	3.4	1.0	1.0	1.0	3.0
Oakton Elementary School	4.0	5.0	4.5	1.3	1.3	1.0	5.0	3.7	3.2	1.6	1.6	3.4	2.5	2.6
Washington Elementary School	4.9	3.8	4.3	1.0	1.0	3.7	5.0	3.0	3.9	3.4	1.9	1.7	1.8	2.6
Lincolnwood Elementary School	1.9	1.2	1.5	1.8	1.8	1.0	1.0	1.3	1.1	4.3	3.9	4.8	4.3	2.4



Timing of Closures

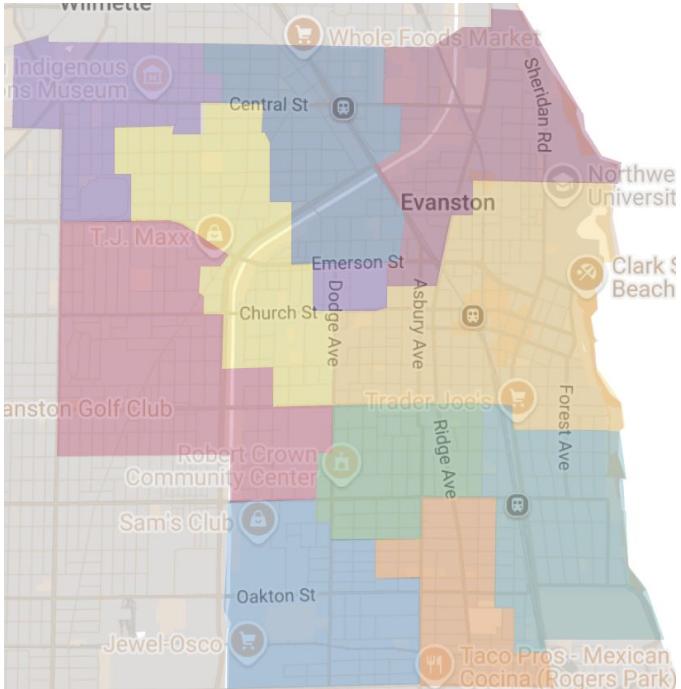
Simultaneous closure - 2 schools close at the same time
Staggered Closure - one school closes at the end of 25-26 and one closes at the end of 26-27
Current assumption: Both are named in November



Staggered Implementation - 1A-R

Close Kingsley at the end of the 2025-26 then Lincolnwood at the end of 2026-27

Current D65 Boundaries

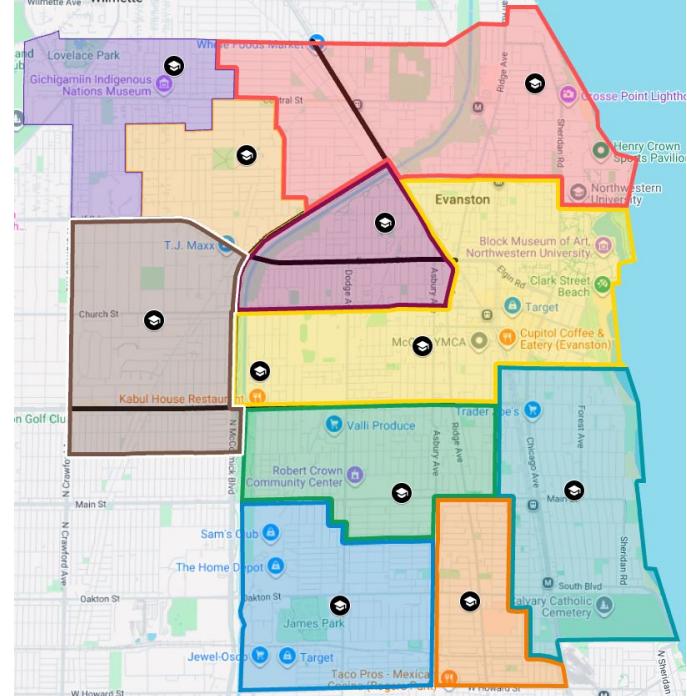


Current School:
~31% of K-5
students would
move from
current to 1A-R



Note: 1A-R is
optimized to
limit students
moving twice.

1AR Boundaries

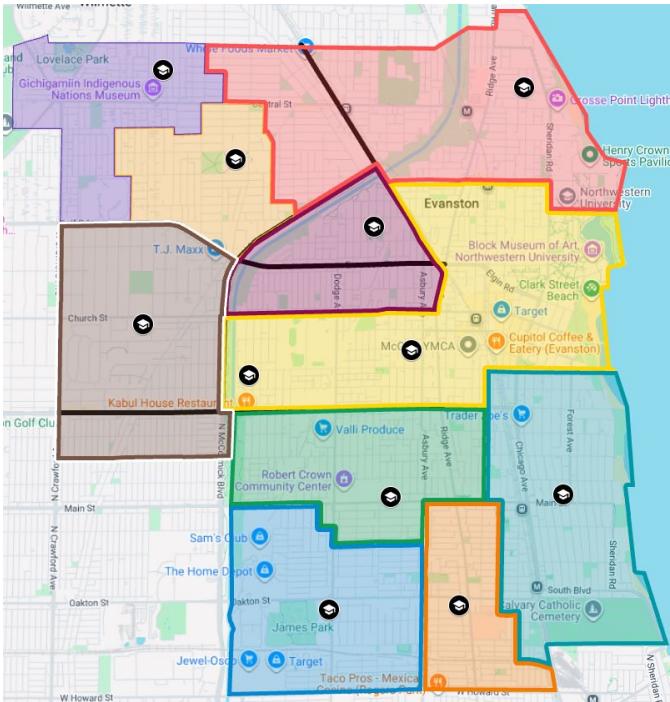


Comparison is current boundaries including Rhodes movement to 1A-R Boundaries

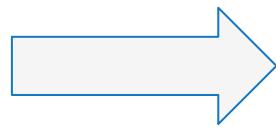


Staggered Implementation - 1A-R → 2F-R

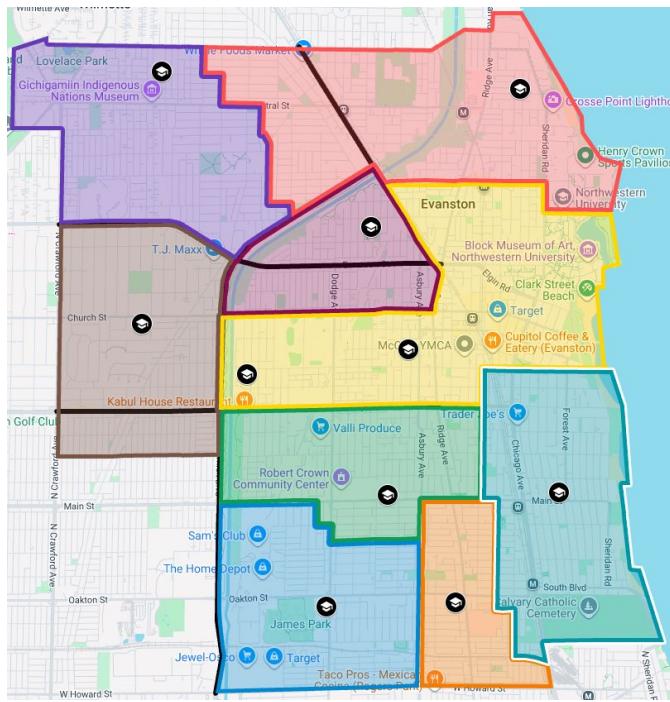
Close Kingsley at the end of the 2025-26 then Lincolnwood at the end of 2026-27



~5% of K-5
students would
move from 1A-R
to 2F-R



<1% of K-5
students would
move twice



Decision Making Timeline: Two-School Closure



Assumption: Closing hearings and decision is made prior to January 2026.

Simultaneous: Close 2 at the same time

Advantages

- One-time change in boundaries.
- Decreases programmatic reductions.
- Closing schools while opening a new school allows for more staffing options.
- Allows the community and schools to plan for the future.
- Allows for greater certainty.
- Decreases uncertainty for staff/educators.

Disadvantages

- Limited timeline to execute large changes.
- Smaller District team supporting the transition with limited closing experience.
- Possible impact on referendum support.

OR

Stagger: Close one a year for two years

Advantages

- Utilize the closure of Rhodes and opening of Foster to refine the closure process.
- Time for developing creative solutions or partnerships (object - false hoop - and partner).
- Possible greater support for referendum.

Disadvantages

- May result in multiple school moves for students (estimated to be up to 200).
- Increased need for programmatic reductions.
- Fewer staffing re-assignment options with second stage closures.
- Anxiety and stress over possible closures is extended.



2 School Closure Scenarios

The following revisions have been made to the 2 School Closure Revised Scenarios:

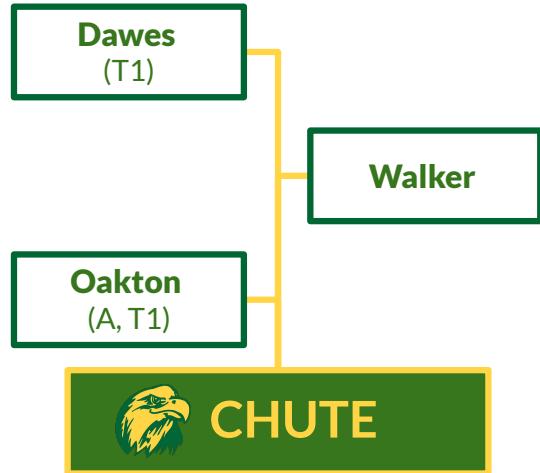
- Using the October 1, 2025 enrollment data.
- Revised capacities for Oakton, Willard, and Dewey to reflect the smaller capacity indicated in the Master Facility Assessment.
- Adjusted adjacent schools measures to include King Arts for Walker and Walker for King Arts.



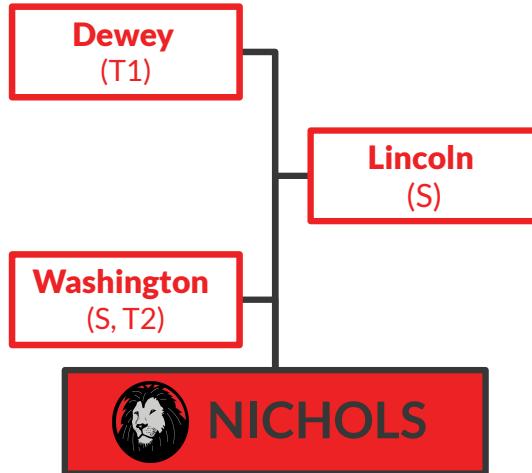
D65 Elementary School Feeder Pattern 2026-2027

Scenario 0 (Foster Baseline) with Program Designations

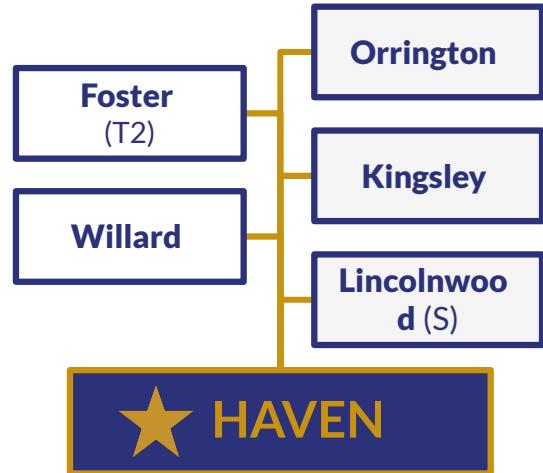
Chute Feeder Pattern



Nichols Feeder Pattern



Haven Feeder Pattern



Specialty Schools/Programs

Park

Rice

JEH ECC



KING ARTS (M, R)

Program Key
A - ACC
T - TWI
S - STEP
R - RISE
M - Magnet

Utilization by Feeder Pattern - 2026-27



Middle School Feeder Pattern (2026-27 School Year)	Average Elementary School Utilization Rate Per Feeder Pattern
Chute (Dawes, Oakton, Walker)	73%
Haven (Kingsley, Lincolnwood, Orrington, Willard, and Foster)	50%
Nichols (Dewey, Lincoln, Washington)	68%

District 65 schools that do not follow an elementary/middle school feeder pattern:

Dr. Bessie Rhodes School of Global Studies, Dr. Martin Luther King Jr. Literary and Fine Arts School, Joseph E. Hill Early Childhood Center, Park School, and Rice Children's Center

Updated 2 School Scenario Scorecard



	Equity			Geography				Building Functionality				Income	Costs				
	Students Changing Schools	Who Is Impacted	Equity Score	Walkability	Hazards	Transportation	School Proximity	Geography Score	ADA Compliance	Gym Cafeteria Separation	Teaching Stations	Building Score	Income Potential	Capital Expense	Operating Cost	Costs Score	Total Score
2e-r - Willard & Orrington	5.0	5.0	5.0	1.0	5.0	1.5	5.0	3.1	3.0	5.0	5.0	4.3	3.5	5.0	3.2	4.1	4.0
2a-r - Lincolnwood & Orrington	2.7	3.1	2.9	1.2	5.0	1.0	3.8	2.7	1.0	1.0	1.0	1.0	5.0	4.0	5.0	4.5	3.1
2d-r - Kingsley & Willard	3.3	3.0	3.1	4.8	1.0	5.0	2.2	3.3	5.0	5.0	5.0	5.0	1.0	2.0	1.0	1.5	2.9
2f-r - Lincolnwood & Kingsley	1.0	1.0	1.0	5.0	1.0	4.5	1.0	2.9	3.0	1.0	1.0	1.7	2.5	1.0	2.8	1.9	2.0

Note: These are updated scenario scorecard values using the revised data AND the overall normative scores change since the results are normative and compared to a smaller group of scenarios.

Scenarios: Two-School Closure

2A-R

Close Orrington and Lincolnwood (75%*)

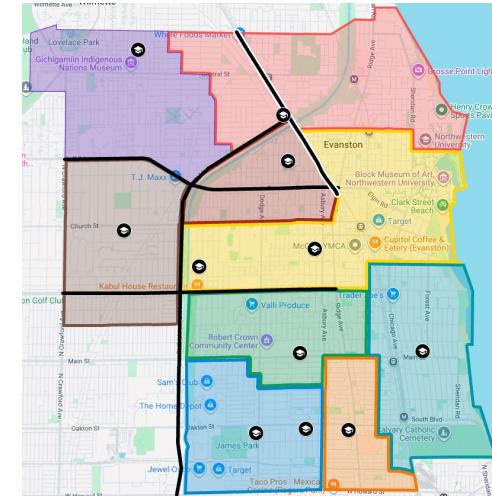
Estimated Annual Savings: \$3,987,721

Orrington and Lincolnwood close after the 2025-26 school year.

- Close TWI Section at Willard Elementary
- STEP moves to Dewey

Strengths

- Keeps two ADA accessible schools open
- Maintains buildings with the highest functionality scores and that are ADA compliant
- Whole schools transition together to their new location
- Avoids closing two immediately adjacent schools
- Distributes closure impact geographically across the district (East and West)
- Provides a potential future option to perform larger scale projects at the vacated Orrington and Lincolnwood



Challenges

- Lowest projected annual cost savings of the three scenarios
- Large number of students must cross a hazard road (Green Bay) to attend Kingsley
- Willard's utilization rate is low (around 63-64%), falling below the target with range of k-5 utilizations from 63 - 85%
- Requires moving the STEP program
- Closes a school that ranked highly on the baseline scorecard
- Kingsley is poorly placed in the boundary area and is the closest school to the new Foster school
- Nichols utilization rate is over 90%
- Highest number of students crossing a hazard

Scenarios: Two-School Closure



Close Kingsley and Willard (75%*)

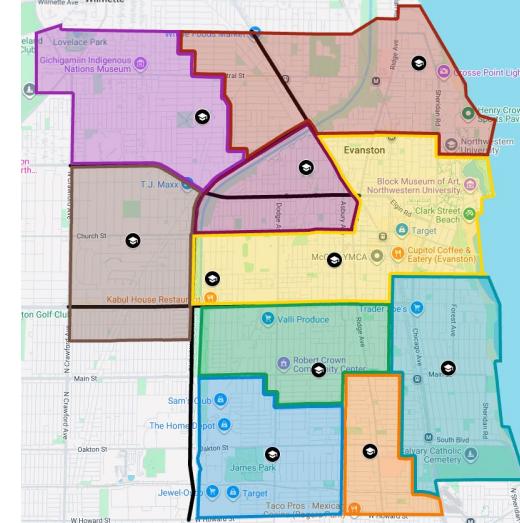
Estimated Annual Savings: \$4,200,277

Kingsley and Willard close after the 2025-26 school year.

- Close TWI Section at Willard Elementary

Strengths

- Maintains the STEP program at Lincolnwood (its current location) for program stability
- Solves for the problematic adjacent school issue.
- Increased operating cost savings with the closure of the larger school (Willard)
- Maintains schools on both sides of Green Bay (Lincolnwood and Orrington)
- Whole schools transition together to their new location



Challenges

- Closes two ADA accessible buildings (Kingsley and Willard) and more recently renovated (Willard) leaving Foster as the only fully accessible K-5 in the Haven feeder pattern
- Closes the two schools with the highest building functionality scores and leaves two schools
- Highest number of available classroom seats reduced due to closing Willard
- Lincolnwood capacity is highest in the district at 88% limiting future boundary flexibility
- Keeps Orrington, the smallest, oldest building on a small lot with limited parking and basement classrooms
- Nichols capacity is over 90%

Scenarios: Two-School Closure

2F-R

Close Lincolnwood and Kingsley

Estimated Annual Savings: \$4,293,012
(75%)

Close Lincolnwood and Kingsley after the 2025-26 school year.

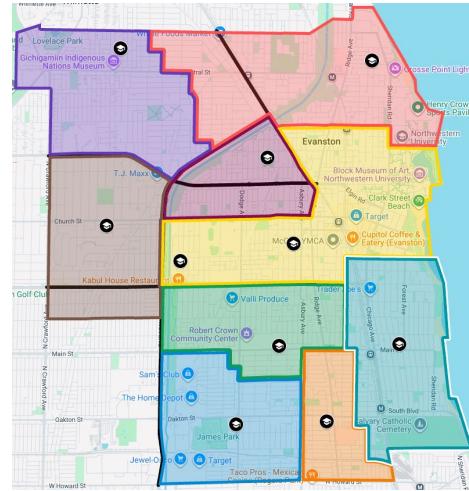
- Move STEP to Dewey
- Close TWI Section at Willard Elementary

Strengths

- Highest projected overall cost savings of any 2-school closure scenario
- Aligns with objective data as it closes the two lowest-scoring individual schools and the overall lowest-scoring 2-school pair
- Keeps an ADA compliant school open (Willard), which is a larger and more recently renovated building
- Whole schools transition together to their new location based on FY27 boundaries
- The remaining three Haven schools (Foster, Willard, Orrington) are evenly spread across the boundaries

Challenges

- Closes two adjacent schools (Kingsley and Lincolnwood)
- Keeps open the smallest and oldest building (Orrington), which is older and has a site that prevents potential addition or expansion
- Requires moving the STEP program
- Willard's utilization rate is low (around 63-64%), falling below the target with range of k-5 utilizations from 63 - 85%
- Concentrates impact within one specific geographic area (6th and 7th wards)
- Nichols utilization is over 90%





Board Input: SDRP Financial Model Components

SCS Recommendation



1. **Right-Size Facilities to Align with Enrollment:** 2-school closing plus Bessie Rhodes
2. **Adopt a Strategic Reduction Financial Model:** Models D.1 or E
3. **Preserve Financial Sustainability:**
 - a. 90 days cash on hand
 - b. Limit use of working cash
 - c. Balanced budget
4. **Refine Financial Levers After Model Selection**
5. **Continue Transparency and Communication with Stakeholders**
6. **Reinvest in Buildings Strategically:** Life Safety Funding and/or Future Referendum



Right Sizing Facilities





Right Sizing Foundational Questions



1. Is the district willing to consider school closures to address its underutilized facilities, deferred maintenance and structural deficit?
2. If yes,
 - a. What is the appropriate capacity percentage to target for school closings?
 - b. Based on the capacity percentage, how many schools will the district close?

Right Sizing Financial Modeling Questions



If the district is willing to consider school closures to address its underutilized facilities, deferred maintenance and structural deficit, the following questions should be answered to assist with modeling:

1. School closing scenarios
 - a. Which schools should be closed? Can we narrow the school-closing scenarios?
 - b. When will that occur?
 - c. For boundary changes,
 - i. When will new boundaries go into effect?
 - ii. Will there be any specific exceptions carved out?
 - iii. Will any previous exceptions be honored or revised?
2. Financial model impact
 - a. Will we lessen the capital projects transfer for schools being brought offline?
 - b. Would we lease the facilities to provide additional revenue to the district?
 - c. Based on the above school closing scenario questions, we would refine the financial model amounts related to non-salary/benefit savings, salary/benefit savings, transportation costs, and section savings



Reinvesting in Facilities





Reinvesting in Buildings Foundational Questions



1. If we are going to close schools, what will happen to them? Keep, sell or repurpose?
2. If we don't dispose of closed schools, how will we handle the projects slated for them?
3. Once we make these decisions, how are we going to:
 - a. Prioritize any remaining projects from 2022-2026 and any other items identified in the updated Master Facility Plan from February?
 - b. Should we include only projects critical to maintaining buildings, or should we also include upgrades and enhancements to our facilities?

Reinvesting in Buildings Baseline



School	2022-2040 MFP	Completed Projects	2022-2026 MFP Indexed	2022-2026 MFP Indexed - Completed	2022-2030 MFP Indexed	2022-2030 MFP Indexed - Completed
Bessie Rhodes	\$9,476,555	\$0	\$2,667,885	\$2,667,885	\$12,114,220	\$12,114,220
Chute	\$17,452,418	1,542,240	2,448,186	905,946	25,253,394	23,711,154
Dawes	\$9,639,100	889,000	7,862,851	6,973,851	10,517,319	9,628,319
Dewey	\$9,869,280	36,000	9,528,411	9,492,411	11,694,043	11,658,043
Haven	\$18,992,990	76,000	3,074,350	2,998,350	28,218,641	28,142,641
JEH	\$3,404,840	24,000	1,345,560	1,321,560	2,452,424	2,428,424
King Arts	\$15,150,830	36,000	17,144,028	17,108,028	19,967,285	19,931,285
Kingsley	\$10,525,063	445,020	2,998,260	2,553,240	6,396,874	5,951,854
Lincoln	\$10,851,050	427,200	1,559,825	1,132,625	6,716,110	6,288,910
Lincolnwood	\$9,897,125	395,010	1,942,058	1,547,048	4,452,798	4,057,788
Nichols	\$13,134,800	712,000	1,894,320	1,182,320	18,799,805	18,087,805
Oakton	\$13,986,170	275,040	2,676,797	2,401,757	6,025,140	5,750,100
Orrington	\$7,863,130	293,400	1,638,942	1,345,542	4,117,412	3,824,012
Park	\$6,949,735	253,020	2,136,924	1,883,904	4,136,899	3,883,879
Walker	\$8,962,720	422,700	3,230,960	2,808,260	5,973,493	5,550,793
Washington	\$13,530,330	468,000	4,824,415	4,356,415	9,207,452	8,739,452
Willard	\$9,008,990	100,020	2,353,440	2,253,420	5,860,337	5,760,317
Subtotal	\$188,695,126	\$6,394,650	\$69,327,212	\$62,932,562	\$181,903,646	\$175,508,996
Less A/C & Bessie Rhodes			(27,714,937)	(27,714,937)	(85,342,579)	(85,342,579)
Total		\$6,394,650	\$41,612,275	\$35,217,625	\$96,561,067	\$90,166,417

Reinvesting in Buildings Overview



School	2022-2026 MFP Indexed Less Completed Projects	2022-2030 MFP Indexed Less Completed Projects
Total for All Schools	\$62,932,562	\$175,508,996
Less A/C & Bessie Rhodes	(27,714,937)	(85,342,579)
Revised Subtotal	\$35,217,625	\$90,166,417
Capital Projects Transfer Model Amount		(10,800,000)
Revised Total		\$79,366,417

Below is an overview of the district's capital projects based on the 2022 Master Facility Plan:

- As of FY27, the district will have deferred maintenance of:
 - \$62.9M for all projects indexed, less completed projects to date
 - \$35.2M if we remove Bessie Rhodes and A/C projects, less completed projects to date
- As of FY30, the district will have capital needs of:
 - \$175.5M for all projects, less completed projects to date
 - \$79.4M if we remove Bessie Rhodes and A/C projects, less completed projects to date and capital transfers

All of this information will be updated when the Master Facility Plan is completed February and does not account for any school closings beyond Bessie Rhodes.

Reinvesting in Buildings Financial Modeling Questions



Once this information has been answered, the following components will be factored into the financial model:

1. Transfers from the Operating Fund to Capital Project: What is the annual capital project amount from FY27-FY30?
2. Once we prioritize capital projects, how will we fund them?
 - a. Transfer from the Operating Fund? If so, how much?
 - b. Life Safety Bonds? If so, when and how much?
 - c. DSEB? If so, when and how much?
 - d. Revenue generated from the sale of property?
 - e. Operating Fund Tax Rate Referendum? If so, when and how much?
 - f. Capital Referendum? If so, when and how much?
 - g. A combination of the above?



Financial Sustainability



Finance

Financial Sustainability Foundational Questions



1. What are the financial parameters around addressing the structural deficit:
 - a. Is the district committed to maintaining 90 days of cash on hand?
 - b. Is the district committed to a balanced budget?
 - c. Is the plan to make all reductions in FY27 or a phased approach for reductions for FY27-FY30, complying with a and b above?
2. How are the district address the remaining funds needed to complete Foster: Working Cash, Lease Certificates, Proceeds from Bessie Rhodes, Combination
3. How will school closings and capital project funding impact the district's finances?
4. Once we finalize the impact of 1-3, how will the district address the remaining deficit beyond programmatic and staffing reductions
 - a. Revenue levers
 - b. Expenditure levers
5. Once the SDRP revenue and expenditure levers are finalized, what process will the district use to identify the remaining amount needed from district programs and staffing to address the remaining structural deficit, if needed?

Financial Projections Baseline



Operating Fund Projections Baseline						
Operating Funds	FY25-Est	FY26-Bud	FY27-Proj	FY28-Proj	FY29-Proj	FY30-Proj
Revenues	168,376,918	175,485,091	179,466,529	184,018,518	188,669,262	193,419,508
Expenditures	168,704,887	175,682,880	183,874,315	192,461,333	198,914,719	205,389,354
Net Change in Fund Balance	(327,969)	(197,789)	(4,407,786)	(8,442,815)	(10,245,457)	(11,969,846)
Fund Balance Transfer	(915,610)	(3,954,038)	(8,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Other Sources/(Uses)	915,610	2,314,585	-	-	-	-
Beginning Fund Balance	50,114,571	49,786,601	47,949,359	35,541,573	25,098,758	12,853,301
Ending Fund Balance	49,786,601	47,949,359	35,541,573	25,098,758	12,853,301	(1,116,546)
Days Cash on Hand >90 Days	107	99	70	47	24	-2

Financial Sustainability Financial Modeling Questions



1. Assumptions to drive
 - a. Days cash on hand
 - b. Balanced budget
 - c. Adjustment to the capital transfer amount
 - d. Funding source for remaining Foster School costs above the original lease certificates
2. Confirm Operating Fund Levers
 - a. School closings
 - b. Revenue levers
 - c. Expenditure levers - non-programming or staffing reductions that would not be subject to mandatory collective bargaining.
 - d. Program and staffing reductions - This component represents the amount still needed to be reduced by those expenditures subject to mandatory collective bargaining.

Board Input: School Closing Levers



#	Facility Right Sizing	2F.	2D.
1	Non-Salary & Benefit Savings	\$ 335,464	\$ 349,079
2	Salary & Benefit Savings	\$ 2,457,548	\$ 2,311,198
3	Avoided Capital Cost	\$ 475,000	\$ 495,000
4	Foster School Net Savings	\$ 50,000	\$ 50,000
5	Transportation Increase	\$ (100,000)	\$ (100,000)
6	Lease of Closed Facilities	\$ 475,000	\$ 495,000
7	Section Savings	\$ 600,000	\$ 600,000
Total		\$ 4,293,012	\$ 4,200,277

Board Input: Operating Fund Levers



#	Revenue Levers	FY27
1	Paid Before and After School Care	\$ 100,000
2	Education Foundation	\$ 100,000
3	Seek Funding from Local University	\$ 250,000
4	Increase Building Rental Fees	\$ 100,000
5	Increase Summer School Tuition	\$ 48,000
6	Increase Student Fees	\$ 488,600
7	Add or Increase Sports Fees	\$ 100,000
8	Paid Events for Families	\$ 20,000
9	Targeted State Grants	\$ 100,000
10	Parent Donations	\$ 50,000
Total		\$ 1,356,600

#	Expenditure Levers	FY27
1	Reduce Transportation	\$ 500,000
2	Reduce Crossing Guards	\$ 300,000
3	Reduce Purchased Services	\$ 500,000
4	Reduce Non-Instruction Consultants	\$ 100,000
5	Consolidate Low Enrollment Classes	\$ 600,000
6	Extend Device Replacement	\$ 350,000
7	Reduce Technology Licenses	\$ 30,000
8	Reduce iPads for K-4	TBD
9	Centralize Purchasing	\$ 100,000
10	Utilize Shared Services	TBD
Total		\$ 2,480,000

Financial Model Summaries - Reductions by Fiscal Year



#	Model Overview	FY27	FY28	FY29	FY30	Total
A	Foster: Working Cash, CapX: \$2.7M	\$ 12,100,000				\$ 12,100,000
A.1	Foster: Bessie Rhodes Sale/Lease Certificates, CapX: \$2.7M	\$ 10,900,000				\$ 10,900,000
A.2	Foster: Lease Certificates, CapX: \$2.7M	\$ 11,100,000				\$ 11,100,000
B	Foster: Working Cash, CapX: \$1.0M	\$ 7,500,000	\$ 2,750,000	\$ 1,500,000	\$ 1,300,000	\$ 13,050,000
B.1	Foster: Working Cash, CapX: \$2.7M	\$ 8,600,000	\$ 3,500,000	\$ 1,250,000	\$ 1,100,000	\$ 14,450,000
B.2	Foster: Working Cash, CapX: \$1M-FY27, \$2.7M after	\$ 7,500,000	\$ 4,100,000	\$ 1,500,000	\$ 1,300,000	\$ 14,400,000
C	Foster: Lease Certificates, CapX: \$1.0M	\$ 4,750,000	\$ 3,750,000	\$ 3,000,000	\$ 2,000,000	\$ 13,500,000
C.1	Foster: Lease Certificates, CapX: \$2.7M	\$ 4,800,000	\$ 6,300,000	\$ 2,250,000	\$ 1,500,000	\$ 14,850,000
C.2	Foster: Lease Certificates, CapX: \$1M-FY27, \$2.7M after	\$ 4,750,000	\$ 4,750,000	\$ 4,000,000	\$ 1,250,000	\$ 14,750,000
D	Foster: Working Cash/Bessie Rhodes Sale, CapX: \$1.0M	\$ 4,500,000	\$ 5,200,000	\$ 2,000,000	\$ 1,250,000	\$ 12,950,000
D.1	Foster: Working Cash/Bessie Rhodes Sale, CapX: \$2.7M	\$ 5,500,000	\$ 6,000,000	\$ 1,750,000	\$ 1,250,000	\$ 14,500,000
D.2	Foster: Working Cash/Bessie Rhodes Sale, CapX: \$1M-FY27, \$2.7M after	\$ 4,500,000	\$ 6,250,000	\$ 2,500,000	\$ 1,250,000	\$ 14,500,000
E	Foster: Bessie Rhodes Sale/Lease Certificates, CapX: \$2.7M	\$ 4,600,000	\$ 6,250,000	\$ 2,500,000	\$ 1,250,000	\$ 14,600,000

Note: All models assume 90 days cash on hand and a balanced budget through FY30.

Financial Model Projections: D1



Assumptions: Balanced Budget, 90 Days Cash on Hand, Phased In, \$2M Working Cash Transfer, \$2.7 Capital Projects

SDRP Phase III Model Assumptions - Financial Model D.1						
Budget Reduction	Category		FY27-Proj	FY28-Proj	FY29-Proj	FY30-Proj
FY27 SDRP Operating Fund Reductions	Expenditures		5,500,000	5,775,000	5,948,250	6,126,698
FY28 SDRP Operating Fund Reductions	Expenditures			6,000,000	6,300,000	6,615,000
FY29 SDRP Operating Fund Reductions	Expenditures				1,750,000	1,802,500
FY30 SDRP Operating Fund Reductions	Expenditures					1,250,000
Total Expenditure Reductions			5,500,000	11,775,000	13,998,250	15,794,198
Operating Fund Projections with Model Assumptions						
Operating Funds	FY25-Est	FY26-Bud	FY27-Proj	FY28-Proj	FY29-Proj	FY30-Proj
Revenues	168,376,918	175,485,091	179,466,529	184,018,518	188,669,262	193,419,508
Expenditures	168,704,887	175,682,880	178,374,315	180,686,333	184,916,469	189,595,157
Net Change in Fund Balance	(327,969)	(197,789)	1,092,214	3,332,185	3,752,793	3,824,351
Fund Balance Transfer	(915,610)	(3,954,038)	(4,700,000)	(2,700,000)	(2,700,000)	(2,700,000)
Other Sources/(Uses)	915,610	2,314,585	-	-	-	-
Beginning Fund Balance	50,114,571	49,786,601	47,949,359	44,341,573	44,973,758	46,026,551
Ending Fund Balance	49,786,601	47,949,359	44,341,573	44,973,758	46,026,551	47,150,902
Days Cash on Hand >90 Days	107	99	90	90	90	90

Financial Model Projections: E



Assumptions: Balanced Budget, 90 Days Cash on Hand, Phased In, \$2M Working Cash Transfer, \$2.7 Capital Projects

SDRP Phase III Model Assumptions - Financial Model E						
Budget Reduction	Category	FY27-Proj	FY28-Proj	FY29-Proj	FY30-Proj	
Foster: Lease Certificate Payment	Expenditures	(125,000)	(125,000)	(125,000)	(125,000)	
FY27 SDRP Operating Fund Reductions	Expenditures	4,600,000	4,830,000	4,974,900	5,124,147	
FY28 SDRP Operating Fund Reductions	Expenditures		6,250,000	6,562,500	6,890,625	
FY29 SDRP Operating Fund Reductions	Expenditures			2,500,000	2,575,000	
FY30 SDRP Operating Fund Reductions	Expenditures				1,250,000	
Total Expenditure Reductions		4,475,000	10,955,000	13,912,400	15,714,772	
Operating Fund Projections with Model Assumptions						
Operating Funds	FY25-Est	FY26-Bud	FY27-Proj	FY28-Proj	FY29-Proj	
Revenues	168,376,918	175,485,091	179,466,529	184,018,518	188,669,262	193,419,508
Expenditures	168,704,887	175,682,880	179,399,315	181,506,333	185,002,319	189,674,582
Net Change in Fund Balance	(327,969)	(197,789)	67,214	2,512,185	3,666,943	3,744,926
Fund Balance Transfer	(915,610)	(3,954,038)	(2,700,000)	(2,700,000)	(2,700,000)	(2,700,000)
Other Sources/(Uses)	915,610	2,314,585	-	-	-	-
Beginning Fund Balance	50,114,571	49,786,601	47,949,359	45,316,573	45,128,758	46,095,701
Ending Fund Balance	49,786,601	47,949,359	45,316,573	45,128,758	46,095,701	47,140,626
Days Cash on Hand >90 Days	107	99	91	90	90	90



Board Discussion

Upcoming Board Updates



NOV

17

Regular Board Meeting

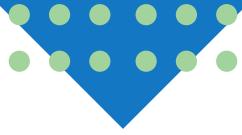
Continued discussion

- Tentative – Board comes to consensus on scenario



Find October meeting summaries, updated scenarios, and more:

district65.net/sdrp 



Thank you