Structural Deficit Reduction Plan (SDRP)
Phase III
Next Steps

December 15, 2025

EVANSTON/SKOKIE
SCHOOL DISTRICT 65

Every Child, Every Day, Whatever it Takes

Tonight's Agenda

- Review SDRP Phase II implementation and path ahead to Phase III
- Review baseline financial projections
- Review financial models and projected financial impacts
- Revisit SDRP Phase II reduction levers for reconsideration
- Discuss SDRP Phase III programming/staffing and purchased services expenditure reduction levers (0–2 school closures)
- Bessie Rhodes Future Use Options
- Review FY27 Boundaries

Focus of SDRP Phase II Reductions

Provided reductions for the FY26 school year that:

- Minimized impact to our students
- Minimized impact to staff that directly support students
- Minimized impact on marginalized groups
- Focused on the key areas identified by the administration and approved by the Board
- Sought to avoid short-term borrowing (TAWs) and related expenditures

The result was $13.2 million in reductions for FY26

Financial Projections Baseline

Assumptions: $6 million W/C Transfer for Foster School; $2M Capital Projects

Operating Fund Projections Baseline						
Operating Funds	**FY25** Estimated	**FY26** Budgeted	**FY27** Projected	**FY28** Projected	**FY29** Projected	**FY30** Projected
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**

Assumptions and Budgetary Pressures

- **Revenue growth:** ~2% annually based on historical CPI trends, and flat State and Federal funding
- **Salary and benefits:** ~5% annual growth, driven by labor agreements, health insurance trends, and pension-related costs
- **Purchased services:** ~3% annual growth based on inflationary and contractual cost pressures
- **Utilities forecast:** electric to increase ~18% to 20%, and natural gas to increase ~15%
- **Enrollment:** Continued decline consistent with recent demographic trends
- **Facilities:** Ongoing operating and capital costs

Understanding the Financial Models

- The Board aligned on SDRP Phase III reduction levers on November 3.
- Models that follow apply those same levers under varied capital expenditure and working cash assumptions.
- No new levers are introduced.
- Purpose of this discussion is to evaluate how each model impacts financial sustainability.



SDRP Phase III Board and Admin Input: Operating Fund Levers

#	Revenue Levers	FY27
1	Paid Before and After School Care (Right at School)	$ 100,000
2	Seek Funding from Local University**	$ 250,000
	Total	**$ 350,000**
#	**Expenditure Levers**	**FY27**
1	Reduce Transportation	$ 500,000
2	Reduce Purchased Services	$ 500,000
3	Reduce Non-Instruction Consultants	$ 100,000
4	Consolidate Low Enrollment Classes	$ 300,000
5	Reduce Technology Licenses	$ 30,000
	Total	**$ 1,430,000**

**City of Evanston Resolution 87-R-23: Concert ticket surcharge revenue shared equitably between D65 and D202; $500,000 annual aggregate guarantee.

Financial Model Projections: Model D

Assumptions: Balanced Budget, 90 Days Cash on Hand, $2M W/C for Foster, $1M Capital Projects, Multi Year Reductions

SDRP Phase III Model Assumptions - Financial Model D						
Budget Reduction	**Category**		**FY27-Proj**	**FY28-Proj**	**FY29-Proj**	**FY30-Proj**
FY27 SDRP Operating Fund Reductions	Expenditures		4,500,000	4,725,000	4,866,750	5,012,753
FY28 SDRP Operating Fund Reductions	Expenditures			5,200,000	5,460,000	5,733,000
FY29 SDRP Operating Fund Reductions	Expenditures				2,000,000	2,060,000
FY30 SDRP Operating Fund Reductions	Expenditures					1,250,000
Total Expenditure Reductions			***4,500,000***	***9,925,000***	***12,326,750***	***14,055,753***

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	179,374,315	182,536,333	186,587,969	191,333,602
Net Change in Fund Balance	**(327,969)**	**(197,789)**	**92,214**	**1,482,185**	**2,081,293**	**2,085,906**
Fund Balance Transfer	(915,610)	(3,954,038)	(3,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Other Sources/(Uses)	915,610	2,314,585	-	-	-	-
Beginning Fund Balance	**50,114,571**	**49,786,601**	**47,949,359**	**45,041,573**	**45,523,758**	**46,605,051**
Ending Fund Balance	**49,786,601**	**47,949,359**	**45,041,573**	**45,523,758**	**46,605,051**	**47,690,957**
Days Cash on Hand >90 Days	**107**	**99**	**91**	**90**	**90**	**90**

FY27 Financial Model Levers: Model D

#	SDRP Levers	0	1A.	1B.	2F.	2D.
1	Facility Right Sizing	$ 50,000	$ 1,662,529	$ 1,830,483	$ 3,368,012	$ 3,235,277
2	Revenue Levers	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000
3	Expenditure Levers	$ 1,430,000	$ 1,430,000	$ 1,430,000	$ 1,430,000	$ 1,430,000
4	Programming/Staffing Levers	$ 2,670,000	$ 1,057,471	$ 889,517	$ (648,012)	$ (515,277)
	Total	**$ 4,500,000**	**$ 4,500,000**	**$ 4,500,000**	**$ 4,500,000**	**$ 4,500,000**
#	**Facility Right Sizing**	**0**	**1A.**	**1B.**	**2F.**	**2D.**
1	Non-Salary & Benefit Savings		$ 180,087	$ 155,377	$ 335,464	$ 349,079
2	Salary & Benefit Savings		$ 1,132,442	$ 1,325,106	$ 2,457,548	$ 2,311,198
3	Foster School Net Savings	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000
4	Transportation Savings		$ 150,000	$ 150,000	$ 300,000	$ 300,000
5	Section Savings		$ 150,000	$ 150,000	$ 225,000	$ 225,000
	Total	**$ 50,000**	**$ 1,662,529**	**$ 1,830,483**	**$ 3,368,012**	**$ 3,235,277**

Financial Model Projections: D1

Assumptions: Balanced Budget, 90 Days Cash on Hand, $2M W/C for Foster, $2.7M Capital Projects, Multi Year Reductions

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 (Assumes $2M for Foster in FY27)	(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**

FY27 Financial Model Levers: D1

#	SDRP Levers	0	1A.	1B.	2F.	2D.
1	Facility Right Sizing	$ 50,000	$ 1,662,529	$ 1,830,483	$ 3,368,012	$ 3,235,277
2	Revenue Levers	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000
3	Expenditure Levers	$ 1,430,000	$ 1,430,000	$ 1,430,000	$ 1,430,000	$ 1,430,000
4	Programming/Staffing Levers	$ 3,670,000	$ 2,057,471	$ 1,889,517	$ 351,988	$ 484,723
	Total	**$ 5,500,000**	**$ 5,500,000**	**$ 5,500,000**	**$ 5,500,000**	**$ 5,500,000**
#	**Facility Right Sizing**	**0**	**1A.**	**1B.**	**2F.**	**2D.**
1	Non-Salary & Benefit Savings		$ 180,087	$ 155,377	$ 335,464	$ 349,079
2	Salary & Benefit Savings		$ 1,132,442	$ 1,325,106	$ 2,457,548	$ 2,311,198
3	Foster School Net Savings	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000
4	Transportation Savings		$ 150,000	$ 150,000	$ 300,000	$ 300,000
5	Section Savings		$ 150,000	$ 150,000	$ 225,000	$ 225,000
	Total	**$ 50,000**	**$ 1,662,529**	**$ 1,830,483**	**$ 3,368,012**	**$ 3,235,277**

Financial Model Projections: D2

Assumptions: Balanced Budget, 90 Days Cash on Hand, $0M W/C for Foster, $2.7M Capital Projects, Multi-year Reductions

SDRP Phase III Model Assumptions - Financial Model D.2						
Budget Reduction	**Category**		**FY27-Proj**	**FY28-Proj**	**FY29-Proj**	**FY30-Proj**
FY27 SDRP Operating Fund Reductions	Expenditures		4,500,000	4,725,000	4,866,750	5,012,753
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			***4,500,000***	***10,975,000***	***13,929,250***	***15,728,378***
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	179,374,315	181,486,333	184,985,469	189,660,977
Net Change in Fund Balance	**(327,969)**	**(197,789)**	**92,214**	**2,532,185**	**3,683,793**	**3,758,531**
Fund Balance Transfer (Assumes $0M for Foster in FY27)	(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**	**45,341,573**	**45,173,758**	**46,157,551**
Ending Fund Balance	**49,786,601**	**47,949,359**	**45,341,573**	**45,173,758**	**46,157,551**	**47,216,082**
Days Cash on Hand >90 Days	**107**	**99**	**91**	**90**	**90**	**90**

FY27 Financial Model Levers: D2

#	SDRP Levers	0	1A.	1B.	2F.	2D.
1	Facility Right Sizing	$ 50,000	$ 1,662,529	$ 1,830,483	$ 3,368,012	$ 3,235,277
2	Revenue Levers	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000
3	Expenditure Levers	$ 1,430,000	$ 1,430,000	$ 1,430,000	$ 1,430,000	$ 1,430,000
4	Programming/Staffing Levers	$ 2,670,000	$ 1,057,471	$ 889,517	$ (648,012)	$ (515,277)
	Total	**$ 4,500,000**	**$ 4,500,000**	**$ 4,500,000**	**$ 4,500,000**	**$ 4,500,000**
#	**Facility Right Sizing**	**0**	**1A.**	**1B.**	**2F.**	**2D.**
1	Non-Salary & Benefit Savings		$ 180,087	$ 155,377	$ 335,464	$ 349,079
2	Salary & Benefit Savings		$ 1,132,442	$ 1,325,106	$ 2,457,548	$ 2,311,198
3	Foster School Net Savings	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000
4	Transportation Savings		$ 150,000	$ 150,000	$ 300,000	$ 300,000
5	Section Savings		$ 150,000	$ 150,000	$ 225,000	$ 225,000
	Total	**$ 50,000**	**$ 1,662,529**	**$ 1,830,483**	**$ 3,368,012**	**$ 3,235,277**

Financial Model Projections Compared

Uniform Assumptions: Balanced Budget, 90 Days Cash on Hand, Multi Year Reductions

Model	Annual Capital Investment	FY27 Reductions	FY28 Reductions	FY29 Reductions	FY30 Reductions
Base Model D	$1,000,000	**$4,500,000**	$5,200,000	$2,000,000	$1,250,000
Model D1	$2,700,000	**$5,500,000**	$6,000,000	$1,750,000	$1,250,000
Model D2	$2,700,000	**$4,500,000**	$6,250,000	$2,500,000	$1,250,000

SDRP Phase II Reduction Levers for Reconsideration

Category	Amount
Transportation PreK-Routes	$1,800,394
Transportation PreK-Aides	$372,745
School Level-Non Direct Instruction	$1,232,533
Total	**$3,405,672**

Programing/Staffing Expenditure Reduction Levers

Category	FTE	Amount
Central Office (Admin/Non-Admin)	13	$1,532,158
School Level (Direct Support)	18	$2,012,436
School Level (Non-Direct Support)	47	$2,844,104
Purchased Services (Non-Instructional)	N/A	$512,264
Purchased Services (Transportation)	N/A	$300,000
Total	**78**	**$7,200,962**

Potential Expenditure Reduction Levers - 1 School Closure

Category	FTE	Amount
Central Office (Admin/Non-Admin)	5	$670,359
School Level (Direct Support)	0	$0
School Level (Non-Direct Support)	33	$1,546,139
Purchased Services (Non-Instructional)	N/A	$512,264
Purchased Services (Transportation)	N/A	$300,000
Total	**38**	**3,028,762**

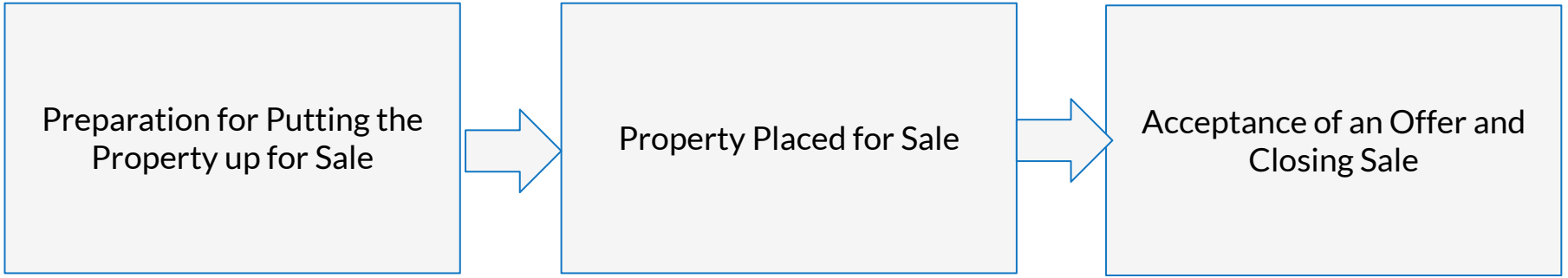
Potential Expenditure Reduction Levers - 2 School Closures

Category	FTE	Amount
Central Office (Administration/Non-Admin)	2	$172,409
School Level (Direct Support)	0	$0
School Level (Non-Direct Support)	33	$1,546,139
Purchased Services (Non-Instructional)	N/A	$512,264
Purchased Services (Transportation)	N/A	$300,000
Total	**35**	**$2,530,812**

Bessie Rhodes: Future Use

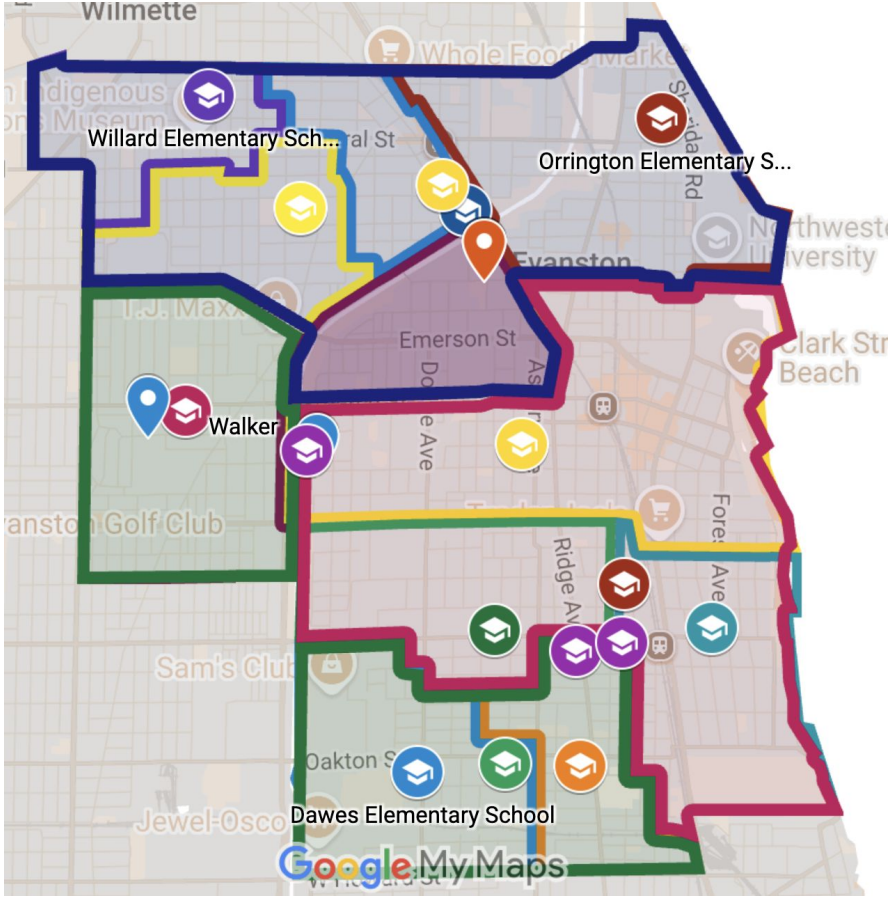
Board leadership needs to determine how it wants to move forward on Bessie Rhodes

Sale Option:



Note: If the District sells to a government agency, there is an option for a negotiated bid followed by acceptance through Board resolution for both organizations.

District 65 2026-27 Boundaries



- In March 2022, our School Board approved changes to student attendance boundaries as part of the District's new Student Assignment Plan. Students are assigned to a school based on where they live.
- Beginning in the 2026-2027 school year, all newly enrolled students will be assigned to their school based on the newly approved attendance boundaries. To support the transition and minimize disruption, current students may remain in their school beyond the 2026-2027 school year. However, there will be no transportation provided by the District.
- In addition, while elementary students may remain in their current school through fifth grade, they must attend their newly assigned middle school beginning in sixth grade.

Thank you