$2M Discrepancy between District Consultant's Financial Projections

Below we highlight differences totaling $2M between the financial projection slides presented by the district's consultant, Susan Harkin, during board meetings on 11/3 and 11/17. These slides vary greatly and we seek clarity on the $2M discrepancy between slides shared 2 weeks apart.

The difference is approximately $2,000,000: one million less in revenue and one million more in expenses. While some information was provided (e.g. transportation shifting from $100K in additional expenses to $300K in savings), there was little justification for these changes other than "we believe to be the achievable financial levers." We also seek further clarification as to why and how possible levers have decreased, particularly in light of three different presentations that have provided additional potential levers.[1]

Given that these financial projections are a driving force behind the closure scenarios, the district should be provided more clarity around the numbers and values, specifically addressing the following:

- Why projections changed at such great magnitude (**$2M**) over the course of 14 days, especially when these values have been consistent for months.
- Prior consultant projections neglected to include the sale of Bessie Rhodes.[2] This potential revenue (**$4M**) is a significant factor in all financial calculations, and merits inclusion in all projections.
- Consultant presentations to the board do not include any administrative right-sizing, despite this being expressed as a key financial lever, representing a large additional cost at nearly **$1.4 million** dollars.[3]

If the district's own 11/3 presentation[4] and data[5] are mapped to the district consultant's Financial Model Lever categories used in the 11/17 presentation[6] (slides provided below), the needed Programming/Staffing cuts to meet the FY27 financial target of $5.5M are nonexistent or negligible for most of the scenarios. For example, there is only $50,871 of programming cuts required to meet the financial needs for closure scenario 1A. This is in stark contrast to the $2,057,471 presented by the consultant at the 11/17 meeting.

Moreover, if the D2 financial scenario provided on Slide 35 in the 11/17 presentation (Assumptions: Balanced Budget, 90 Days Cash on Hand, $0M W/C for Foster, $2.7M Capital Projects, Multi-year Reductions) is modeled using the consultant data from 11/3,

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[1] See this Roundtable article by Hope Perry on the three parent group proposals that have over $20 million dollars of suggestions between them.
[2] See 10/27 board meeting where the consultant Susan Harkin discusses neglecting to include Bessie Rhodes in prior calculations
[3] See both the Roundtable article on this and our own calculations
[4] SDRP Phase 3 Scenario Presentation_11.3.25
[5] Supplemented with SDRP Phase III Closure Hub data for the one school scenarios
[6] SDRP Phase 3 Scenario Presentation_11.17.25

there is only an additional $613,400 needed for a zero school closure scenario in FY27. This indicates that there may be a path where a zero school closure in 2026 (in addition to Bessie Rhodes) is feasible with a balanced budget, leaving time to activate revenue generation levers,[7] as well as solve utilization concerns after Foster has opened.

We highlight these differences to emphasize the uncertainty and variability in the district's own estimates. **The implications could be an underestimate of potential savings, which leads to an inaccurate representation of required cuts and could drive a decision to close more schools than necessary.**

One additional issue, which gives us pause and merits further clarification, is the lack of justification for the consultant's forecasts of expenditures and tax income. District consultant Susan Harkin's financial projections assume 2% annual revenue growth against 5% annual expense growth, which mathematically (mechanically) guarantees escalating deficits. The validity of these assumptions is questionable—particularly the 2% revenue figure, given that CPI expectations over the next five years likely exceed this. Additionally, new construction (currently valued at $1.1 billion) isn't subject to property tax caps, suggesting revenue growth could be higher than projected. While this concern is not likely to contribute to the discrepancy we have identified above, **validating these assumptions is fundamental to the plausibility of the financial projections that the district and board are basing their impactful school closure decisions on.**

Key Takeaways

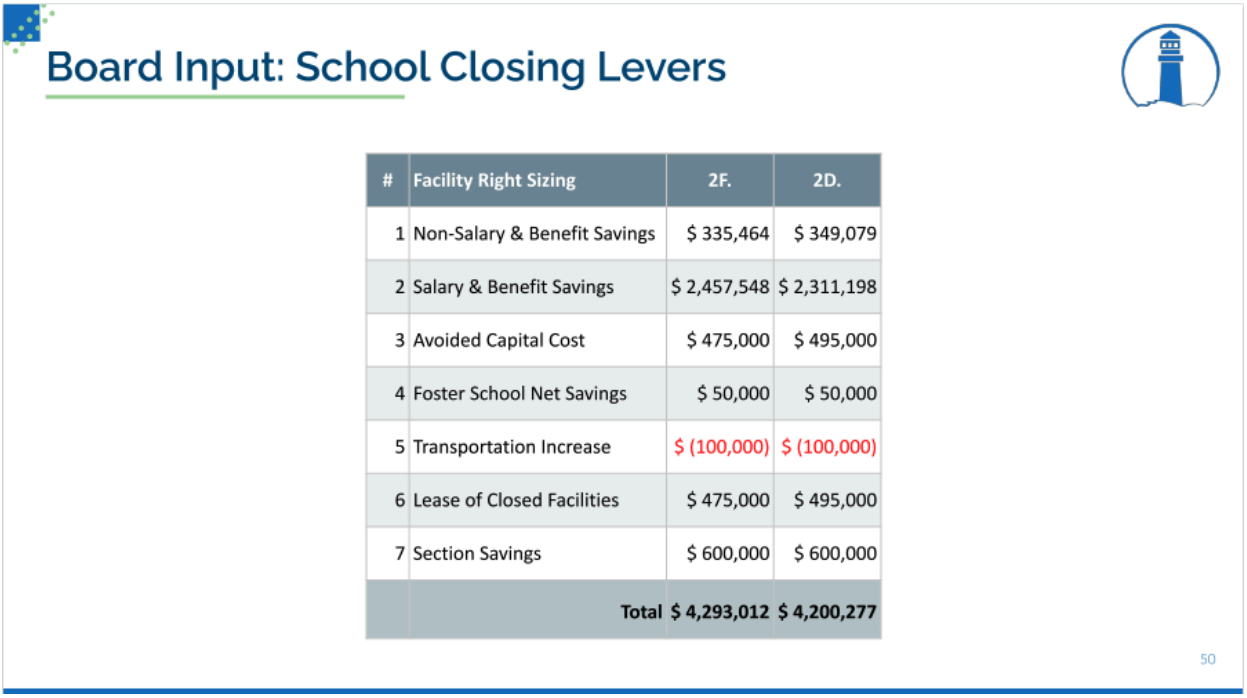
- There was a $2M reduction in operating fund lever savings presented by the district's consultant between the 11/3 and 11/17 board meetings.
- Using the district's data from 11/3, there would be **minimal additional cuts to programming/staffing** for a one-school closure scenario using the D1 financial model, and for a zero-school closure scenario this year using the D2 financial model. **Additional cuts could be eliminated** with a conservative inclusion of other financial levers that have been proposed by the community.
- **Clarification is needed from the district's consultant** on the income and expenditure forecasts that assume a 2% YoY increase in revenue and 5% YoY increase in expenses. This guarantees escalating deficits and might be underestimating CPI variation and exclusions to tax caps.

[7] November 12, 2025 Financial Levers Memo

Supporting Exhibits

November 3 presentations

In the **November 3, 2025** School Board meeting, the District's financial consultant gave a presentation that outlined financial levers available to reduce the structural deficit. Essentially, the financial levers are categories of increased revenue or reduced expenditure that can be used to balance the budget. Slides 50 and 51 in the presentation[8] (shown below) broke this down into 1) School Closing Levers, and 2) Operating Fund Levers. These values have been consistent from at least the 9/29 board meeting.



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**

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[8] November 3, 2025 SDRP Presentation

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**

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November 17 presentations

In the **November 17, 2025 Board Meeting**, the financial consultant also presented the financial levers, but with different values. Slides 32 and 35 from that presentation[9] provide the 'Financial Model Levers' for the models D1 and D2 respectively, and Slide 33 gives a breakdown of the Operating Fund Levers.

Slide 32 from 11/17 presentation:

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**

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Slide 35 from 11/17 presentation:

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**

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Slide 33 from 11/17 presentation:

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**

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Comparison between presentations

There are many differences between the values provided in the November 17th presentation versus the November 3rd presentation. First, the categories are slightly different - the 'Facility Right Sizing' category is similar to the 'School Closure Levers' category, but does not include *Avoided capital costs* and *Lease of closed facilities*. This makes sense if it was determined prior to the November 17th meeting that the closed buildings are going to be mothballed. However, the November 17th presentation shows a transportation *savings* (i.e. decrease), whereas the November 3rd presentation shows a transportation *increase*. The rationale for this difference was for increased efficiency in transportation. This justification has been used previously by the district and did not pan out. The *Section Savings* is also dramatically different between the two presentations: 50% for the one additional school scenarios and 37.5% for the two school scenarios.

The largest differences are in the Revenue Levers and the Expenditures levers between the two presentations – the November 3rd presentation showed a total savings of $3,836,600, whereas the November 17th showed only $1,780,000. This is a difference of **-$2,056,600**. There was no real explanation given for the difference in revenue and expenditure, other than the 11/17 values are "what we believe to be the achievable financial levers".

The below table gives a snapshot of the changes for the 1A scenario, however the magnitude of the differences are similar for both one and two school closure scenarios.

Example Scenario 1A			
	Nov 3	Nov 17	Difference
Facility Right Sizing			
Non-Salary and Benefit Savings	$180,087	$180,087	$0
Salary and Benefit Savings	$1,132,442	$1,132,442	$0
Foster School Net Savings	$50,000	$50,000	$0
Transportation Savings	-$50,000	$150,000	$200,000
Section Savings	$300,000	$150,000	-$150,000
Operating Fund Levers			
Revenue Levers	$1,356,600.00	$350,000	-$1,006,600
Expenditure Levers	$2,480,000.00	$1,430,000	-$1,050,000
TOTAL SAVINGS	**$5,449,129**	**$3,442,529**	**-$2,006,600**

Updating 11/17 forecasts

We applied the November 3 data (and SDRP updated data)[10] to the Financial Model Lever categories used in the November 17th presentation. To do this, we take the 11/17 tables and

[10] Supplemented with SDRP Phase III Closure Hub data for the one school scenarios

use the 11/3 levers to calculate the possible revenue needed. We do not add/subtract or otherwise alter these values. These are the original values.

If the 11/3 data are applied to the Financial Model Lever categories used in the 11/17 presentation (see Slide 32 from 11/17), the Programming/Staffing cuts needed to meet the financial target are nonexistent or negligible for most of the scenarios.
Table 1 shows the programming/staffing lever needs using the 11/3 data for the D1 financial model. Of note, there is only $50,871 of programming cuts required to meet the financial needs for closure scenario 1A (compared to the $2,057,471 that was presented by D65 on 11/17).

Moreover, if the D2 financial scenario shown on slide 35 in the 11/17 presentation (Assumptions: Balanced Budget, 90 Days Cash on Hand, $0M W/C for Foster, $2.7M Capital Projects, Multi-year Reductions) is modeled using the data from 11/3, there is only an additional $613,400 needed for a **zero** school closure scenario. The specifics are provided in Table 2. This indicates that there are scenarios where a zero school closure in 2026 (in addition to Bessie Rhodes) is feasible with a balanced budget, leaving time to correctly solve the utilization concerns after Foster has opened.

Table 1 - D1 Programming/Staffing Levers using data from 11/3 presentation (compare to Slide 32 in the 11/17 presentation)

Financial Model Levers D1						
#	SDRP Levers	0	1A	1B	2F	2D
1	Facility Right Sizing	$50,000	$1,612,529	$1,780,483	$3,343,012	$3,210,277
2	Revenue Levers	$1,356,600	$1,356,600	$1,356,600	$1,356,600	$1,356,600
3	Expenditure Levers	$2,480,000	$2,480,000	$2,480,000	$2,480,000	$2,480,000
4	Programming/Staffing Levers	$1,613,400	$50,871	$(117,083)	$(1,679,612)	$(1,546,877)
	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 and Benefit Savings	$0	$180,087	$155,377	$335,464	$349,079
2	Salary and Benefit Savings	$0	$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	$0	-$50,000	-$50,000	-$100,000	-$100,000
5	Section Savings	$0	$300,000	$300,000	$600,000	$600,000
	Total	**$50,000**	**$1,612,529**	**$1,780,483**	**$3,343,012**	**$3,210,277**

Table 2 - D2 Programming/Staffing Levers using data from 11/3 presentation (compare to Slide 35 in the 11/17 presentation)

Financial Model Levers D2						
#	SDRP Levers	0	1A	1B	2F	2D
1	Facility Right Sizing	$50,000	$1,612,529	$1,780,483	$3,343,012	$3,210,277
2	Revenue Levers	$1,356,600	$1,356,600	$1,356,600	$1,356,600	$1,356,600
3	Expenditure Levers	$2,480,000	$2,480,000	$2,480,000	$2,480,000	$2,480,000
4	Programming/Staffing Levers	$613,400	$(949,129)	$(1,117,083)	$(2,679,612)	$(2,546,877)
	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 and Benefit Savings	$0	$180,087	$155,377	$335,464	$349,079
2	Salary and Benefit Savings	$0	$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	$0	-$50,000	-$50,000	-$100,000	-$100,000
5	Section Savings	$0	$300,000	$300,000	$600,000	$600,000
	Total	**$50,000**	**$1,612,529**	**$1,780,483**	**$3,343,012**	**$3,210,277**