



Rochester CUSD #3A

4 Rocket Drive Rochester, Illinois 62563-9282, United States

Deficit Reduction Plan

FY 25-26



DATA

- All data used in this presentation was obtained from the Illinois State Board of Education, the district annual financial report AFR), and district archives.
- Interested parties may find the AFR on our website, and information obtained from ISBE may be found at www.ISBE.net
- The community may submit questions through our website tomorrow.
- This presentation will be available on our website tomorrow.



DEFICIT REDUCTION PLAN

DEVELOPMENT

- I have developed all recommendations made in this presentation.
- I own them. I have based those recommendations on my years of experience as a superintendent and known factual information and comparisons to similar sized districts as Rochester 3A.
- During the development of this plan, every effort was made to preserve student programs and *limit reductions*.



ITEMS NOT INCLUDED IN THE REDUCTION PLAN

- **\$300,000 in revenue from county facility sales tax due to the elimination of an a bond abatement. Those funds are currently earmarked for a capital lease payment.**
- **Anticipated insurance increase of 12%.**
- **Unrealized reductions made during FY 26 are not included in this presentation.**



PROBLEM

- Limited ability to increase taxes
- Loss of revenue
- Staffing not aligned with student enrollment
- Optimize facilities, staffing & schedules



Limited Ability to Increase Taxes - PTELL

- Under normal circumstances, a school district could sell working cash bonds to boost cash flow. However, since Sangamon County is a PTELL county, this is not an option.
- What is PTELL ?

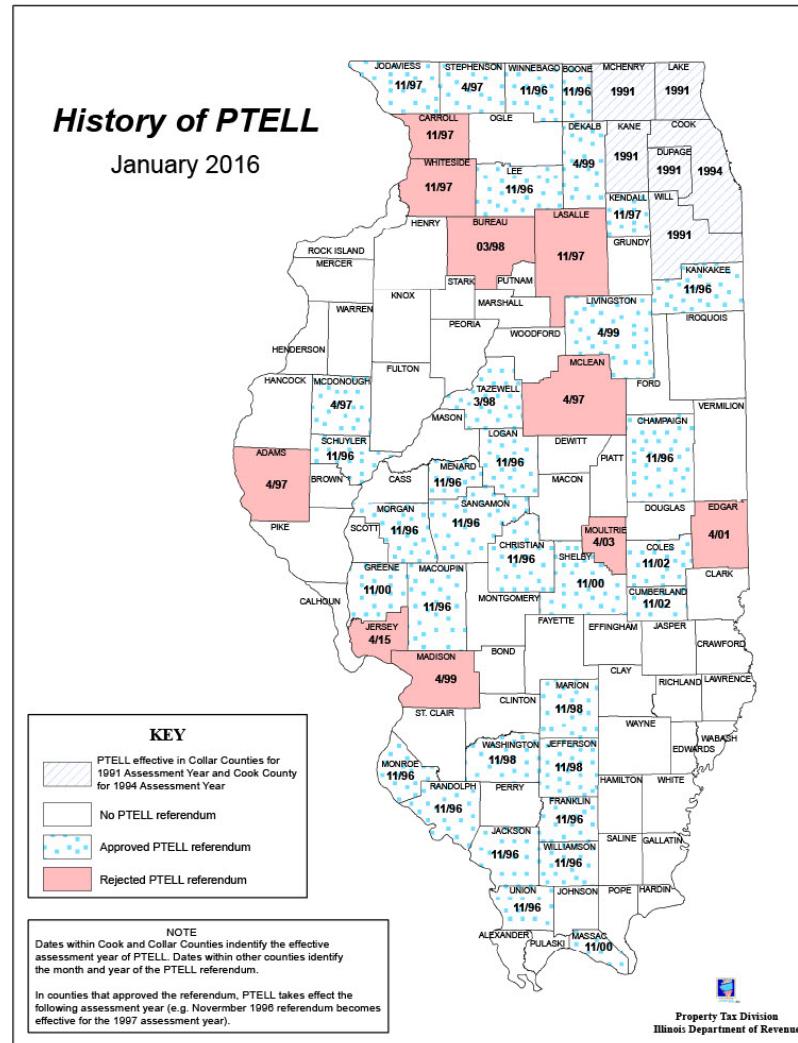


PTELL – CONT'D

- PTELL – Property Tax Extension Limitation Law.
- In short, tax caps - currently in 39 counties.
- PTELL allows taxing bodies to Increase tax levies by no more than 5% or the CPI – whatever is lower. The CPI used for this years levy is 2.9%, (CPI is the Consumer Price Index – a measure of inflation) current CPI is 2.7%.
- Furthermore, taxing bodies are also limited in the amount of bonds that may be sold without a referendum. In Rochester's case, the district is only able to sell bonds with a value of \$300,000.

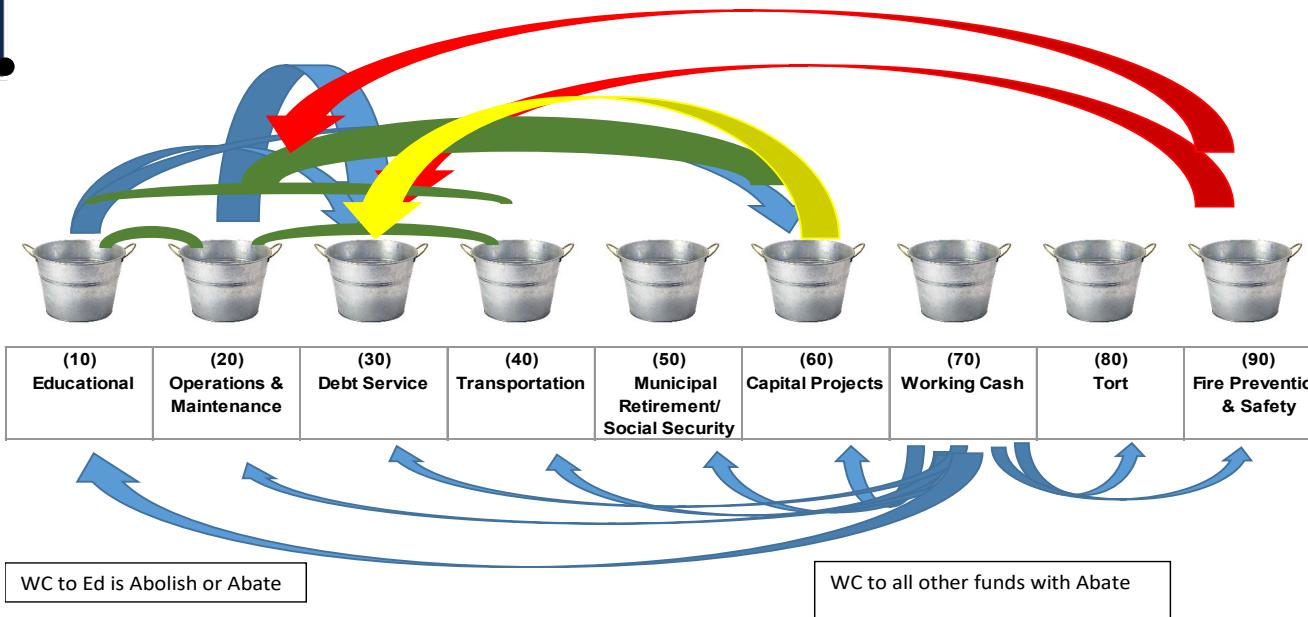


PTELL – CONT'D





LOSS OF REVENUE



Illinois State Laws restrict which funds can be spent for certain items along with how and when they can be transferred. It is all about spending from the “CORRECT BUCKET”



Transfers both ways



Transfers follow the arrows



LOSS OF REVENUE

- The district incurred a revenue loss of \$1,253,134 in FY 2026
- State funding is being pro-rated
- Federal revenue has been reduced and is unreliable.
- The state is projecting a 2.2 billion dollar deficit.
- The state superintendent has publicly stated that revenue will be flat for the next couple of years.

LOSS OF REVENUE OR MINIMAL GROWTH



| Funding | FY 25 | FY 26 | New Money | % Increase |
|-------------------------------|-------------|-------------|-----------|------------|
| Evidence Based Funding | \$8,741,252 | \$8,866,576 | \$125,320 | 1.4% |
| Transportation | \$615,230 | \$567,354 | -\$47,876 | -8% |
| Drivers Education | \$25,732 | \$22,734 | \$2,998 | 12% |
| Early Childhood | \$168,356 | \$156,000 | -\$12,356 | -7.33% |
| Title I – Reading Improvement | \$72,245 | \$71,029 | -\$1,216 | -2% |
| Title IV College Now | \$26,627 | \$10,000 | -\$16,627 | -62% |
| Esser Funding (Stimulus) | \$1,253,134 | \$0 | \$0 | -100% |



INCREASED/DECREASED COSTS – ED FUND

| Costs | FY 25 | FY 26 (projected) | % Increase | \$ Increase |
|---------------------------|--------------|----------------------|------------|-------------|
| Salaries | \$15,380,305 | \$15,408,530 | 0% | \$28,225 |
| Benefits | \$1,911,865 | \$1,985,946 | 4% | \$74,081 |
| Purchased Services | \$2,006,939 | \$1,774,850 | -7% | -\$234,710 |
| Supplies | \$2,057,827 | \$1,906,992 | 3% | -\$150,835 |
| Capital Outlay | \$142,971 | \$83,675 | -42% | -\$59,286 |
| Other | \$1,041,943 | \$918,520 | -12% | -\$123,258 |
| Non Capitalized Equipment | \$387,101 | \$462,363 | 19% | \$75,262 |



DEFICIT SPENDING

- The Rochester District is projected to be **\$854,657 in the Ed Fund.** in deficit in the Ed Fund this year due to a lack of revenue and increased costs.
- In FY 27, the Rochester District will be **\$1,733,664 in deficit in the Ed Fund.**
- By the end of two years, the district will have reduced the ed fund balance by **\$2,258,321**
- Without intervention, the ed fund will be nearly insolvent by the end of FY 2028 with **\$1,935,558 for a fund balance.**



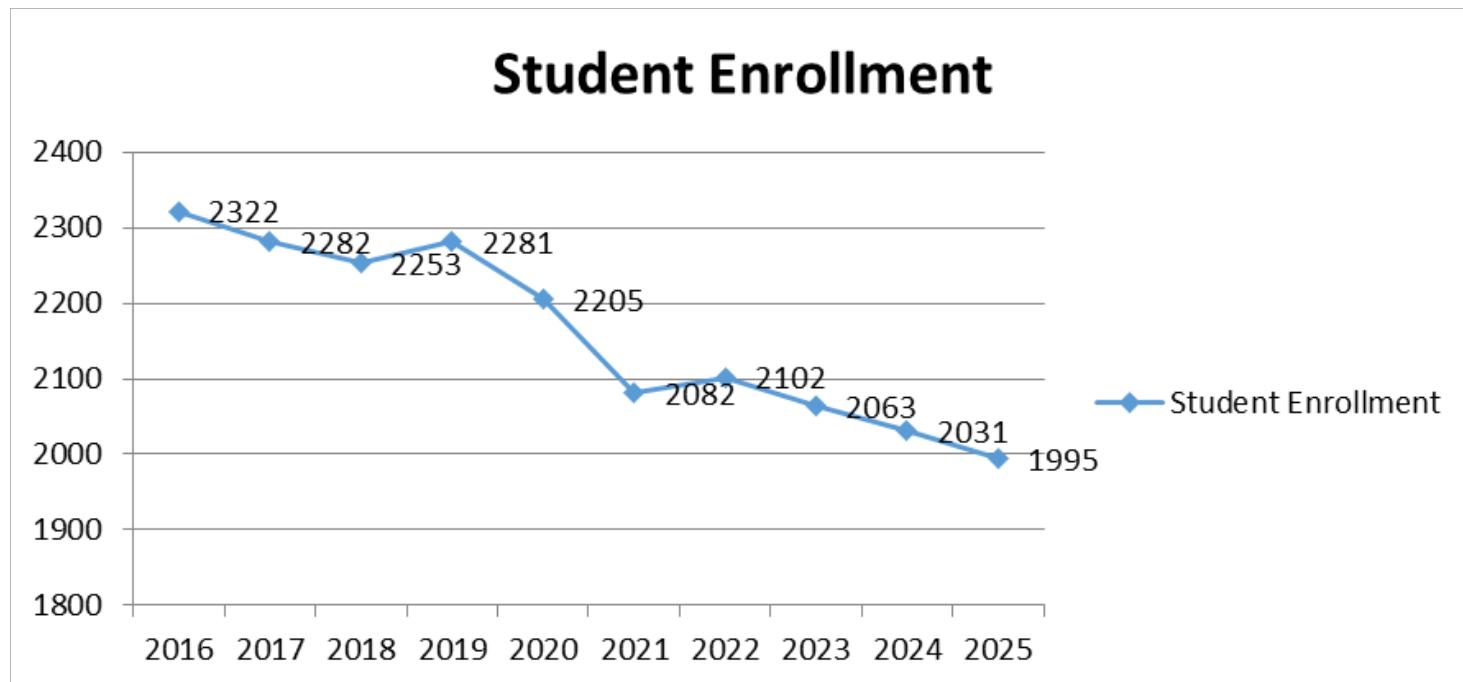
STAFFING NOT ALIGNED WITH STUDENT ENROLLMENT

- The largest overhead in any school district is labor and costs associated with labor.
- Labor and benefits in Rochester is 70% of the budget.
- Since 2016, the district's enrollment has gone down by nearly 327 Students.
- During the same time period, staffing has increased.
- This year the enrollment is 1995 With 147 staff members.
- In 2016, The enrollment Was 2322 with 144 staff members.



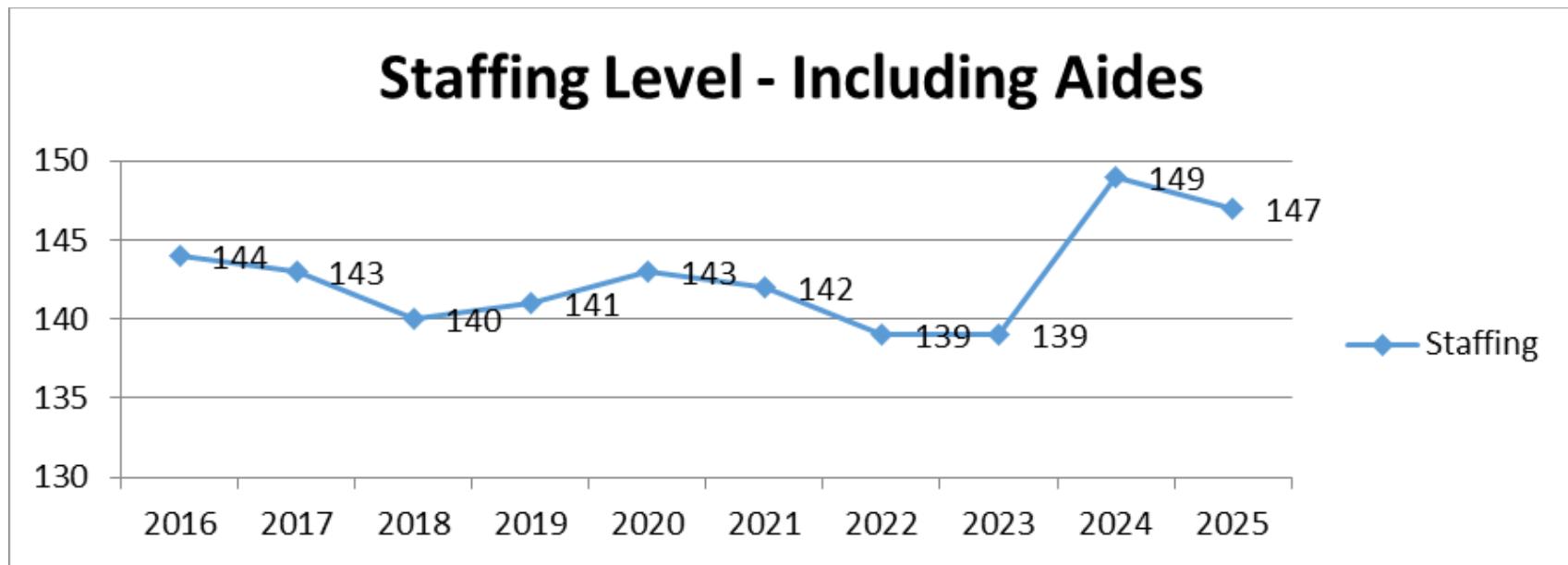
STAFFING NOT ALIGNED WITH STUDENT ENROLLMENT

- It is estimated that 600,000 to 700,000 Illinoisans have moved out of the state since 2016.
- As a result, statewide student enrollments has decreased.
- Rochester Schools is not exempt from this exodus.





STAFFING NOT ALIGNED WITH STUDENT ENROLLMENT



These amounts include teachers and aides.



STAFFING NOT ALIGNED WITH STUDENT ENROLLMENT

| GRADES | AVERAGE CLASS SIZE | | | | | | | | | | | | |
|--------|--------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2020 | 23.2 | 22.2 | 23.8 | 22.4 | 24.6 | 24.7 | 23.4 | 25.3 | 22.9 | 24 | 24.8 | 23.5 | 23.7 |
| 2021 | 22 | 24 | 20.7 | 22.4 | 25.2 | 25.8 | 23.7 | 24 | 25.2 | 23.4 | 23.6 | 23 | 22.8 |
| 2022 | 26.8 | 23.4 | 26.2 | 21.7 | 21.7 | 22.8 | 26 | 24.5 | 24 | 22.7 | 23.9 | 21.9 | 21.2 |
| 2023 | 20 | 23.1 | 24.2 | 21.7 | 23 | 23.9 | 28 | 23.2 | 24.9 | 21.2 | 22.1 | 21.5 | 21.7 |
| 2024 | 21.3 | 19.4 | 22.5 | 20.8 | 21.5 | 22.9 | 23.4 | 18 | 19.9 | 18.3 | 12.9 | 12.6 | 12.4 |
| 2025 | 18.8 | 22.4 | 19.4 | 20.4 | 21.1 | 21.6 | 22.3 | 19.5 | 19.7 | 17.9 | 14.3 | 12.1 | 12.5 |



FIXING THE PROBLEM

REDUCE COSTS

- To balance the district would minimally need to reduce costs by \$1.2 million dollars a year. However, the district will continue to incur increases in salaries, retirement costs, and health insurance increases.
- To balance and build fund balances, the district would need to reduce costs by \$3 million dollars a year to avoid future cost reductions.
- The district may consider placing a referendum to the Rochester Taxpayers. However, this option carries a lot of risk since the next opportunity to do so would be during the 2026 midterm elections. While this could result in a large voter turnout, a failure would bring the district extremely close to insolvency in the education fund. Additionally, taxpayers across Illinois currently have a very negative attitude toward tax increases.
- From a long-term standpoint, the district needs to reconfigure the cost structure to generate sustainable positive cash flow in the ed fund and build reserves.



RECONFIGURING THE COST STRUCTURE

What has been reduced this year?

- Since the district's overhead is 70% of all costs the only sound way to reconfigure the cost structure is to reduce staff without cutting programs.
- To date the district has reduced non-instructional staff significantly.
- For example, the following positions have been eliminated:
 - **Communications Director \$119,693 –(unrealized until next year)**
 - **SIS Coordinator \$100,137 – (unrealized until next year)**
 - **Jr High Asst Principal \$91,789 - (realized)**
 - **Jr High Principal \$80,000 – (unrealized until next year)**
 - **Software Licenses \$173,500 - (realized)**
 - **Strength Coach \$37,945 (realized)**
 - **SPED Aide \$40,745 – (realized)**
 - **Total \$643,809**



RECONFIGURING THE COST STRUCTURE

Recommendations

- Align school service personnel with enrollment
- Align administrative staff with enrollment
- Contract Technology
 - Currently spending in excess of \$500,000 a year.
- Eliminate Block Schedule at RHS
 - Inefficient system
 - Low class sizes at RHS
 - Current model prevents aligning staff with enrollment
- No departmentalization at 5th & 6th grade
 - RIS fully self contained
- To maintain school improvement and reduce PD costs implement a late arrival once a week for instructional staff PD & school improvement.
- Close 2-3 building
 - Consolidate grade 2 with EC -1
 - Consolidate grade 3 with RIS



RECONFIGURING THE COST STRUCTURE

RECOMMENDED REDUCTIONS FOR FY 27

| Align school service personnel with enrollment | |
|--|---|
| Position | Savings (salary, insurance, & retirement) |
| 1 FTE School Nurse | \$47,188 |
| 3 FTE Social Workers | \$241.899 |
| .4 School Psychologist | \$32,502 |
| 1 FTE School Counselor | \$82,694 |
| 1 Auditorium Director | \$59,148 |
| TOTAL | \$463,431 |
| | |



RECONFIGURING THE COST STRUCTURE

RECOMMENDED REDUCTIONS FOR FY 27

Align Instructional Aides and Clerical with Student Enrollment

| Position | Savings (salary, insurance, & retirement) | Building |
|-------------------------|---|---------------|
| .5 Library Aide | \$19,828 | EC PREK-1/2-3 |
| .5 Secretary | \$15,650 | RIS |
| 1 FTE Intervention Aide | \$22,364 | EC-1 |
| 1 FTE Library Aide | \$20,442 | JH |
| TOTAL | \$78,284 | |
| | | |



RECONFIGURING THE COST STRUCTURE

RECOMMENDED REDUCTIONS FOR FY 27

| Contract Technology | |
|-------------------------------|---|
| Position | Savings (salary, insurance, & retirement) |
| 1 FTE Technology Director | \$137,068 |
| 2 FTE Technology Facilitators | \$190,195 |
| 1 Tech Support | \$44,538 |
| Eliminate CTI Contract | \$107,000 |
| Total | \$478,801 |



RECONFIGURING THE COST STRUCTURE

RECOMMENDED REDUCTIONS FOR FY 27

| Consolidate EC -1 & 2-3 + RIS | |
|-------------------------------------|---|
| Position | Savings (salary, insurance, & retirement) |
| 1 FTE 4 th Grade Teacher | \$63,614 |
| 1 FTE 5 th Grade Teacher | \$63,614 (resignation) |
| 1 FTE PE Grade Teacher | \$60,800 |
| 1 FTE 6 th Grade Teacher | \$106,916 |
| 1 FTE 1 ST Grade Teacher | \$77,826 |
| 1 FTE 2 nd Grade Teacher | \$64,517 |
| 1 FTE EL Teacher | \$78,868 |
| 1 FTE Pre-K Teacher | \$60,800 |
| 1 FTE Life Skills Teacher | \$60,800 |
| 1 FTE Music Position (RIS/RHS) | \$106,833 (retirement) |
| Total | \$683,788 |



RECONFIGURING THE COST STRUCTURE

RECOMMENDED REDUCTIONS FOR FY 27

| Eliminate Block Schedule at RHS | |
|---------------------------------|------------------|
| 1 FTE Math Teacher | \$60,800 |
| 1 FTE Foreign Language Teacher | \$69,126 |
| 2 FTE ELA Teachers | \$127,228 |
| 1 FTE Science Teacher | \$63,616 |
| 1 FTE Social Studies Teacher | \$67,041 |
| 2 FTE Special Ed Teachers | \$123,427 |
| 1 FTE Art Teacher | \$63,614 |
| Total | \$574,852 |



RECONFIGURING THE COST STRUCTURE

RECOMMENDED REDUCTIONS FOR FY 27

| Align Administrative Staff With Enrollment | |
|--|---|
| Position | Savings (salary, insurance, & retirement) |
| 1 FTE RIS Asst. Principal | \$91,789 |
| | |
| | |
| | |
| | |
| Total | \$91,789 |



RECONFIGURING THE COST STRUCTURE

RECOMMENDED REDUCTIONS FOR FY 27

| Junior High Reductions | |
|------------------------|---|
| Position | Savings (salary, insurance, & retirement) |
| 1 FTE ELA Teacher | \$62,508 |
| 1 FTE Math Teacher | \$63,614 |
| Total | \$126,122 |

PROJECTED CLASS SIZES AFTER RECONFIGURATION

- K would be 5 sections with ? 19-24 (18 this year)
- 1st grade projected 5 sections with an enrollment of 23 (19-20 this year)
- 2nd would be 5 sections with an enrollment of 23-24 (20-23 this year);
- 3rd grade would be 6 sections with with an enrollment of 26 (23-25 this year)
- 4th would be 5 sections with with an enrollment of 24-25 (21-23 this year)
- 5th would be 5 sections with with an enrollment of 26-27 (21-23 this year)
- 6th would be 5 sections with with an enrollment of 25-26 (22-23 this year)

PROJECTED ENROLLMENT WITHOUT RECONFIGURATION

- EC-1 365
- 2-3 275
- 4-6 380
- JH 266
- HS 680

- Rochester High School enrollment is projected to go down by 54 students after the 26-27 school year. The following year enrollment is projected to go down 93 students and will be below 600.



TOTAL RECOMMENDED REDUCTIONS

| Category | Reduction |
|--------------------------|--------------------|
| FY 26 Reductions | \$643,809 |
| Service Personnel | \$463,431 |
| Aides & Clerical | \$78,284 |
| Technology | \$478,801 |
| Consolidate EC-1/2-3/RIS | \$683,788 |
| Eliminate Block Schedule | \$574,852 |
| Admin | \$91,789 |
| JHS | \$126,122 |
| Total | \$3,140,876 |
| | |



OTHER CONCERNS

- This district cost structure is inefficient and is unsustainable. Also, compounded costs will begin to pressure student programs.
- Insurance costs are not going to go down. Next year I am anticipating a 12% increase in insurance.
- I am concerned that the state might not meet all payments this year and years thereafter.
- State Medicaid costs are expected to increase. This will crowd funding for education.
- The Block Schedule increases special education costs
 - For example, if any classroom has a special education population that exceeds 30% the district is required, by law, to add a special education teacher. This happened last year.
- Nation-wide Wages are going up
 - This pressures inflation to go up.
- On the other hand, inflation has gone down to 2.7%
 - Helps lower costs, but decreases the districts ability to increase revenue through taxation



BENEFITS OF RECONFIGURATION

- Generate positive cash flow almost immediately
- Will build fund balances.
- Will enable the district to recapture lost revenue and allocate money directly to student programs.
- Will prevent wage freezes for staff.



TIMELINE

| | |
|-----------------|--|
| January | Reduction Plan Presented to the Board |
| February | Board Votes on Recommendations |
| March | Notice of RIFs are Approved |

