



To: School Board Members and Northfield School District Stakeholders
 From: Dr. Matt Hillmann, Superintendent and Val Mertesdorf, Director of Finance
 Subject: Priority-Based Budget Reduction Recommendations
 Date: March 5, 2025 | Updated March 7, 2025

At the January 27 board meeting, Director of Finance Val Mertesdorf presented the annual financial forecast. The recommendation is to identify \$6 million in priority-based budget reductions for the 2025-26 school year. This represents an eight percent (8%) reduction in projected expenditures. It will not be easy, but it is necessary.

Financial Forecast. You can review these documents and recordings to learn more about the district’s financial forecast, one of four annual budget updates provided to the board.

- [You can review the financial forecast presentation slide deck here.](#)
- [You can review the financial forecast narrative document here.](#)
- [You can watch the financial forecast presentation at the Jan. 27 board meeting here.](#)
- [You can listen to Dr. Hillmann’s special appearance about the priority-based budget reductions on KYMN radio.](#)

The reasons for this fiscal reality in Northfield are:

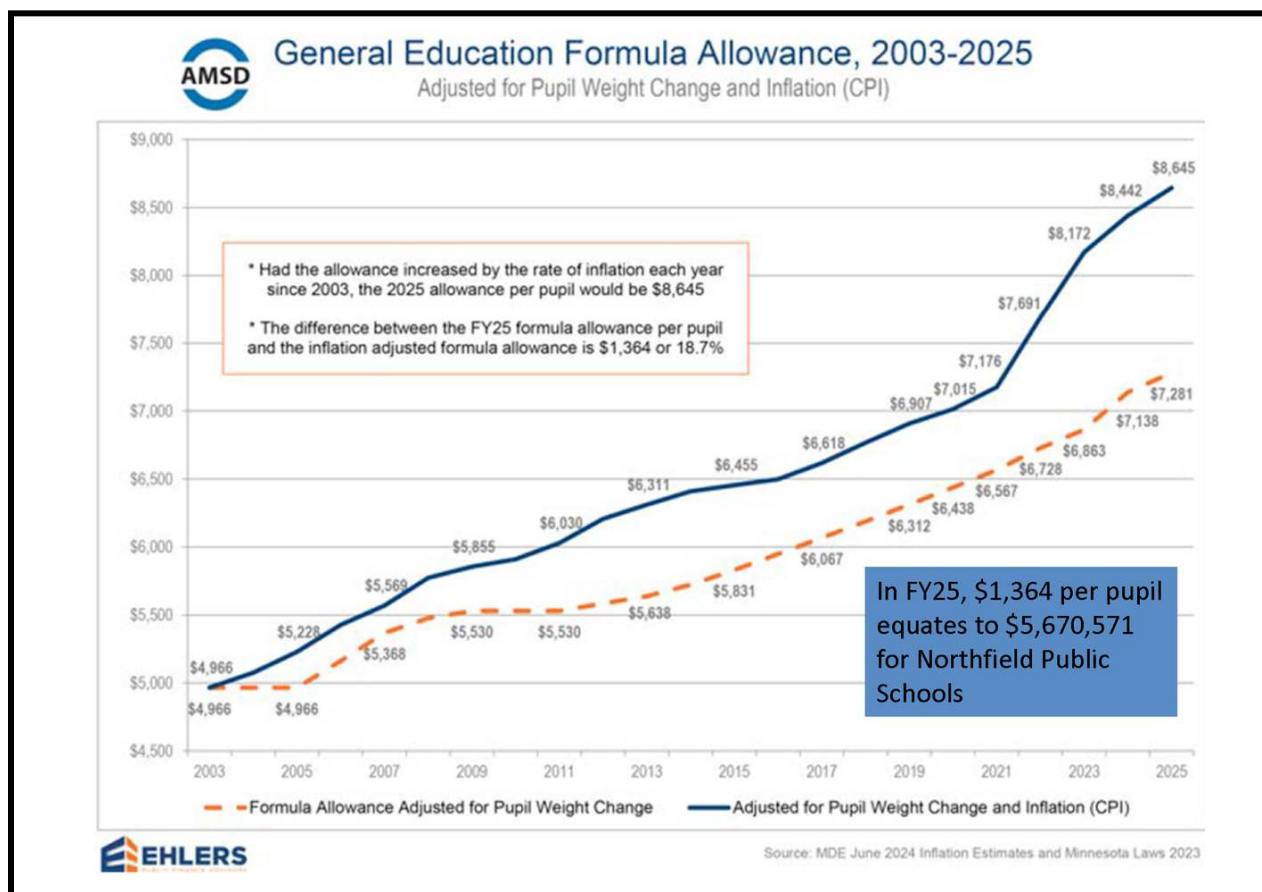
- 1) **Declining enrollment.** Our enrollment is projected to decline incrementally, averaging a 0.93% decrease per year for the foreseeable future. Rice County birth rates have dropped 12% in the last six years. The enrollment decline is directly related to people having fewer children, and limited single-family housing inventory in the district. As of January 15, only 28 single-family homes were for sale in the 178-square-mile school district.

Northfield Public School District
 Total Enrollment Projection
 K Projection: Average County Birth Rate Last 4 Years

	Enrollment History								Enrollment Projections				
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
ECSE	39.0	42.8	44.3	49.1	52.9	53.2	67.2	69.1	67.3	69.4	67.9	65.5	63.8
Pre K	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
HK	47.6	51.9	29.7	47.1	50.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
K	200.8	194.6	172.7	198.0	187.5	230.6	203.8	209.5	204.1	210.3	206.0	198.6	193.4
1	269.6	255.5	241.0	233.3	241.1	253.4	234.1	211.6	217.5	211.9	218.3	213.9	206.1
2	247.5	258.9	258.8	248.0	233.5	247.1	263.2	240.2	217.0	223.1	217.4	224.0	219.4
3	280.5	249.8	248.1	269.5	262.4	249.4	254.1	275.7	251.6	227.4	233.7	227.8	234.7
4	290.6	287.1	248.1	258.1	264.0	278.1	260.0	262.9	285.3	260.4	235.3	241.9	235.7
5	277.1	293.6	283.6	249.3	257.8	269.6	288.2	265.5	268.5	291.3	265.9	240.3	247.0
6	343.3	312.1	312.2	315.6	280.6	295.5	296.4	322.8	297.4	300.8	326.4	297.9	269.1
7	333.1	343.3	304.7	310.9	315.7	282.0	294.7	296.5	322.8	297.4	300.8	326.4	297.9
8	300.0	339.1	342.8	308.6	314.4	313.9	284.2	296.2	297.9	324.4	298.9	302.3	328.0
9	355.7	320.1	362.1	350.2	328.4	334.2	328.9	299.2	311.9	313.7	341.6	314.7	318.3
10	363.0	365.0	310.5	355.7	349.4	332.4	345.3	333.7	303.7	316.5	318.3	346.7	319.4
11	321.5	362.3	350.9	300.8	340.3	338.9	318.7	332.4	321.3	292.3	304.7	306.5	333.7
12	378.6	343.7	391.4	366.7	319.4	361.8	360.8	338.3	352.9	341.1	310.3	323.4	325.3
K-12	4,008.8	3,976.7	3,856.5	3,811.7	3,744.4	3,786.8	3,732.3	3,684.5	3,651.9	3,610.6	3,577.7	3,564.1	3,528.1
ECSE-12	4,050.0	4,019.5	3,900.8	3,860.8	3,797.3	3,839.9	3,799.5	3,753.6	3,719.3	3,680.0	3,645.6	3,629.6	3,591.9
Adjusted Pupil Units	4,460.4	4,434.2	4,313.3	4,259.4	4,190.8	4,232.6	4,186.0	4,132.8	4,101.3	4,057.1	4,020.5	4,013.6	3,976.4
% Change K-12		-0.80%	-3.02%	-1.16%	-1.76%	1.13%	-1.44%	-1.28%	-0.88%	-1.13%	-0.91%	-0.38%	-1.01%

*Rice County birth rate has declined 12% over the last six years.
 *As of 1/15/25 there are 28 single family homes for sale in the 178 square mile district boundary.

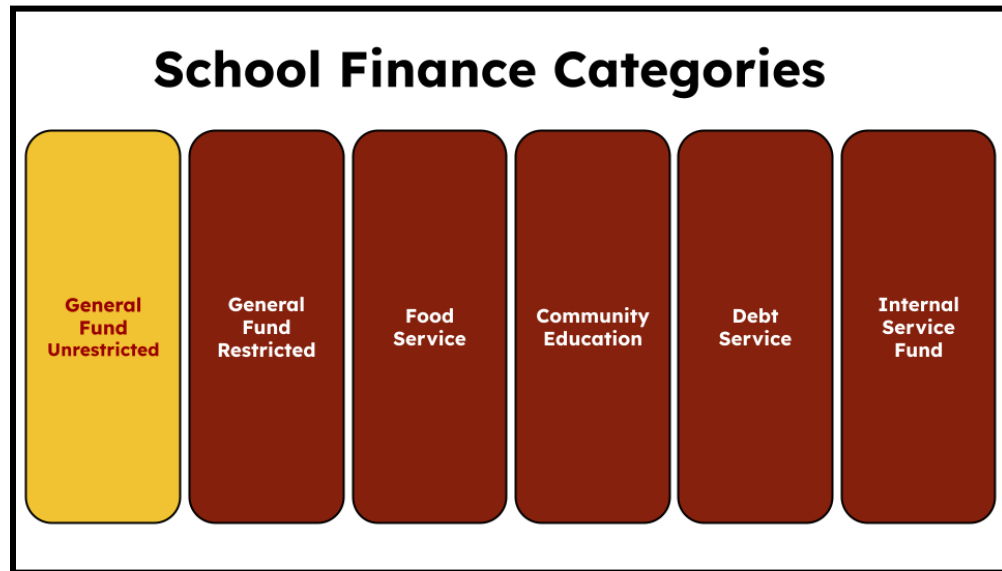
- 2) **Unfunded state and federal mandates.** The most significant of these is the unreimbursed costs to serve students receiving special education services. The district uses approximately \$4.3 million of general fund dollars per year to subsidize this mandated and morally imperative programming. Many new state mandates are well intended, and the examples below are not intended to be a value judgment about the program. They show the anticipated budget impact. Some mandate examples include:
- The state-required summer employment program for hourly workers (previously paid with one-time state funds) is estimated to be at least \$217,000.
 - State-required family medical leave program, anticipated to be at least a 0.44% payroll tax, and estimated to cost at least \$174,000. Employees will also pay an equal share.
 - An increase in the employer share of the Teacher Retirement Association pension is expected to be a 0.75% payroll tax increase and is estimated to be at least \$225,000. Employees will also pay an increased amount.
 - The district recently learned that the state will prorate special education revenue at 95% due to an overcommitment of funds. This means the district will receive \$525,000 less revenue than anticipated.
- 3) **State funding has improved but has not made up for decades of underfunding.** While the legislature has improved funding formulas, they have a long way to go to make up for the two decades where the basic formula did not keep pace with inflation.



- 4) **Ongoing inflationary pressures.** As most families know, the cost of goods and services continues to increase. One example for the school district is a 26% increase in the cost of property and liability insurance.

The bond referendum IS NOT an impact. It is vital to understand this process is solely associated with our operating budget. The operating budget is directly related to the funding we receive from the state government, federal government, and our local voter-approved operating levy. The bond referendum funds approved by voters in November 2024 are separate and do not impact this process. As we move ahead, an updated and more efficient Northfield High School facility will likely save operating costs due to a modernized, well-insulated facility that uses the efficiencies of geothermal energy to manage the building's heating and cooling.

School finance is highly regulated. The budget reduction process is focused on the unrestricted portion of the general fund. There are components, like the revenue from the bond referendum (debt service) that cannot be used to support salaries and benefits.



Community priority-based budget reduction teams. The district is using a participatory process to help identify areas for reduction within five budget packages. Over 80 parents, community members without students, administrators, high school students, and staff members participated. All those who completed an interest form were included.

The priority-based budget teams met three times at the district office on February 11, 18, and 25.

Priority-based budget reduction team members were expected to:

- Work productively and respectfully with other team members.
- Identify budget reduction areas within their team category using district priorities and other relevant considerations from their team's discussions.
- Provide feedback and recommendations to the board based on their team's discussions.

The remainder of the process will include the following:

- A public input meeting about the proposed reductions on ~~Tuesday, March 11~~ April 3, 2025, from 6:00 - 8:30 p.m. in the ~~NHS~~ Northfield Middle School auditorium.
- The board will consider the recommendations at its April 14 regular meeting and is anticipated to finalize the reductions at the April 28 regular meeting. The team's recommendations are instrumental in the process, but the board has the final decision-making authority.

Commitment to our vision. While modeling our strategic commitment to stewardship by maintaining fiscal responsibility, we remain focused on achieving our vision of preparing **every** student for lifelong success.

Priority Based Budget Reduction Recommendations



Package	Proposed Reduction
Activities	\$222,377
District Services	\$1,821,251
Elementary	\$1,353,792
Secondary	\$1,606,624
Special Services	\$1,000,776
Grand Total	\$6,004,820

Add back rank is the team's recommended restoration order should additional funds become available (i.e. additional funds from the state, etc.)

Package	Item	Proposed Reduction	Add back rank	Category	Anticipated Amount
Activities	1	Reduce after school activity shuttle service from all year to winter season only.	1.00	Non Salary	\$12,914
Activities	2	Limit hotels for state tournaments within reasonable driving distance.	2.00	Non Salary	\$24,909
Activities	3	Increase HS activity fees by 10%.	3.00	Non Salary	\$48,595
Activities	4	Increase MS activity fees by 10%.	4.00	Non Salary	\$9,516
Activities	5	Increase family cap for activity fees from \$1,000 to \$1,150 annually.	5.00	Non Salary	\$4,500
Activities	6	Increase family pass from \$150 to \$200.	6.00	Non Salary	\$44,750
Activities	7	Credit card fees paid by users.	7.00	Non Salary	\$26,640
Activities	8	Reduce copy costs by shifting all programs to digital using QR code.	8.00	Non Salary	\$12,500
Activities	9	Increase adult ticket price from \$9 to \$10.	9.00	Non Salary	\$11,037
Activities	10	Implement after school music registration fee of \$40.	10.00	Non Salary	\$4,200
Activities	11	Eliminate one assistant gymnastics coach. (This position has not been filled recently.)	N/A	Personnel	\$4,990
Activities	12	Eliminate "Life of an Athlete" program stipend. (Program has not had participants.)	N/A	Personnel	\$2,218
Activities	13	Eliminate HS math team coach stipend. (Program has not had participants.)	N/A	Personnel	\$3,326
Activities	14	Eliminate Science Olympiad coach stipend. (Program has not had participants.)	N/A	Personnel	\$3,326
Activities	15	Reduce pep band stipend to \$1,000/year.	N/A	Personnel	\$1,895
Activities	16	Reduce MS Geography Bee stipend (National Geographic canceled the program.)	N/A	Personnel	\$601
Activities	17	Reduce Grade 6 boys soccer coach (this position has not been filled recently.)	N/A	Personnel	\$2,218
Activities	18	Reduce Grade 6 girls soccer coach (this position has not been filled recently.)	N/A	Personnel	\$2,218
Activities	19	Correct MS Knowledge Bowl coach stipend to match with NEA contract.	N/A	Personnel	\$1,664
Activities	20	50% reduction in cell phone reimbursement stipend.	N/A	Personnel	\$360
Total Activities					\$222,377

Package	Item	Proposed Reduction	Add back rank	Category	Anticipated Amount
District Services	21	Superintendent 5% salary reduction.	1.00	Personnel	\$11,000
District Services	22	Restructure Director of Instructional Services position due to retirement. Use 20% of savings to support redistributed duties.	2.00	Personnel	\$190,000
District Services	23	Eliminate 2.0 FTE full-time substitutes.	3.00	Personnel	\$132,228
District Services	24	Reduction of 1.0 FTE custodian.	3.00	Personnel	\$79,400
District Services	25	Eliminate floating media educational assistant position.	3.00	Personnel	\$55,000
District Services	26	Reclassify portion of licensed media specialist to school library aid.	3.00	Personnel	\$55,000
District Services	27	Reduce contingency staffing allocation from 3.0 to 1.0 FTE.	4.00	Personnel	\$250,000
District Services	28	Implement transportation fee (\$150-300 annually) for students riding who live less than two miles from school (statutory limit). Fees will be waived for students qualifying for free or reduced lunch.	5.00	Non Salary	\$100,000
District Services	29	Move non-instructional software license agreements into capital budget.	N/A	Non Salary	\$412,000
District Services	30	Maximize operations chargeback to Child Nutrition and Community Education funds.	N/A	Non Salary	\$200,000
District Services	31	Human Resources Director will retire from 1.0 FTE contract, return at 0.60 FTE. Redistribute some duties.	N/A	Personnel	\$74,993
District Services	32	Reduce 0.50 FTE instructional coach.	N/A	Personnel	\$62,500
District Services	33	Restructure targeted services and community school oversight by combining two positions.	N/A	Personnel	\$55,000
District Services	34	Eliminate Studer Education contract (administrative professional development).	N/A	Non Salary	\$45,000
District Services	35	Restructure district office reception position, allocate 0.20 FTE to Child Nutrition and 0.20 FTE to Technology Services (0.40 FTE.)	N/A	Personnel	\$34,778
District Services	36	Move instructional software license agreements into capital budget.	N/A	Non Salary	\$21,012
District Services	37	Eliminate paid Zoom contract. Shift to Google Meets. Maintain Zoom webinar functions for livestreaming board meetings.	N/A	Non Salary	\$15,000
District Services	38	Credit card fees paid by users.	N/A	Non Salary	\$10,000
District Services	39	50% reduction in cell phone reimbursement stipend.	N/A	Personnel	\$9,360
District Services	40	Eliminate employee assistance program due to low usage.	N/A	Non Salary	\$8,400
District Services	41	Reduced membership fees from human resources reduction.	N/A	Non Salary	\$580
Total District Services					\$1,821,251

Package	Item	Proposed Reduction	Add back rank	Category	Anticipated Amount
Elementary	42	Reduce 9.0 FTE general education classroom teachers. Recommended class size targets are 20 for Kindergarten, 24 for grades 1-3, and 27 for grades 4-5.	1.00	Personnel	\$1,125,000
Elementary	43	Reduce specialist teachers by 1.60 FTE to match fewer general education classroom sections.	2.00	Personnel	\$200,000
Elementary	44	Reduce 0.30 FTE general education educational assistants.	3.00	Personnel	\$16,500
Elementary	45	Eliminate student council advisor stipends.	4.00	Personnel	\$5,547
Elementary	46	Reduce band/orchestra repair/supply budget.	5.00	Non Salary	\$6,025
Elementary	47	50% reduction in cell phone reimbursement stipend.	N/A	Personnel	\$720
Total Elementary					\$1,353,792

Package	Item	Proposed Reduction	Add back rank	Category	Anticipated Amount
Secondary	48	Reduce HS licensed teachers by up to 3.60 FTE.	1.00	Personnel	\$450,000
Secondary	49	Reduce MS elective positions by 0.60 FTE due to schedule change from seven (7) period day to six (6) period day.	1.00	Personnel	\$75,000
Secondary	50	Do not replace 1.0 FTE licensed teacher at Area Learning Center due to retirement.	1.00	Personnel	\$125,000
Secondary	51	Reduce HS Tier II support program by up to 0.50 FTE.	2.00	Personnel	\$62,500
Secondary	52	Reduce MS Tier II reading interventionist by 0.40 FTE.	2.00	Personnel	\$50,000
Secondary	53	Eliminate one (1) of four (4) HS counselor positions (adding back five extra contract days for each remaining counselor.)	3.00	Personnel	\$122,350
Secondary	54	Reduce MS Tier II math interventionist by 0.40 FTE.	3.00	Personnel	\$50,000
Secondary	55	Eliminate one (1) of three (3) MS counselor positions.	4.00	Personnel	\$133,000
Secondary	56	Replace one HS Assistant Principal position with a Dean of Students (+10 days over teacher contract and Advanced Placement coordinator stipend.)	4.00	Personnel	\$61,500
Secondary	57	Eliminate MS student support administrative assistant position.	5.00	Personnel	\$65,000
Secondary	58	Eliminate one (1) HS general education educational assistant position.	5.00	Personnel	\$55,000
Secondary	59	15% reduction in HS administrative and departmental supply budgets.	6.00	Non Salary	\$24,381
Secondary	60	Restructure MS TORCH Program with new funding from HCI. (Updated 03.06.2025)	6.00	Personnel	\$20,000
Secondary	61	Eliminate MS media center educational assistant position.	7.00	Personnel	\$55,000
Secondary	62	10% reduction in HS consumable supply budgets in Technology and Engineering, Art, Science, and FACS.	7.00	Non Salary	\$7,375
Secondary	63	Eliminate Grade 7 health class (1.0 FTE) due to schedule change from seven (7) period day to six (6) period day.	8.00	Personnel	\$125,000
Secondary	64	Reduce HS media educational assistant from 7.5 hrs/day to 7.0 hrs/day.	8.00	Personnel	\$4,074
Secondary	65	Reduce MS department budgets by 30%.	9.00	Non Salary	\$30,000
Secondary	66	Increase HS student parking fee from \$100 to \$150 per pass.	9.00	Non Salary	\$20,000
Secondary	67	Increase HS advanced placement exam fees from \$66 to \$100.	10.00	Non Salary	\$17,000
Secondary	68	Maximize licensed staff teaching career technical levy approved classes.	N/A	Personnel	\$52,644
Secondary	69	50% reduction in cell phone reimbursement stipend.	N/A	Personnel	\$1,800
Total Secondary					\$1,606,624

Package	Item	Proposed Reduction	Add back rank	Category	Anticipated Amount
Special Services	70	Eliminate three (3) special education educational assistant positions. (Positions are currently vacant.)	1.00	Personnel	\$165,000
Special Services	71	Eliminate three (3) additional special education educational assistant positions and replace with one (1) special education teacher.	2.00	Personnel	\$40,000
Special Services	72	Reduce 0.50 FTE early childhood special education (ECSE) teacher.	3.00	Personnel	\$62,500
Special Services	73	Reduce related service provider - occupational therapist by 0.50 FTE and speech by 0.20 FTE.	4.00	Personnel	\$87,500
Special Services	74	Reduce extra contract days for special education coaches by 30%.	5.00	Personnel	\$11,000
Special Services	75	Replace three (3) building RN/LPN with health aides.	6.00	Personnel	\$75,000
Special Services	76	Eliminate the due process clerical position at the NCEC.	7.00	Personnel	\$22,000
Special Services	77	Eliminate three (3) hours per month of educational assistant time during PLCs.	9.00	Personnel	\$50,000
Special Services	78	Reduce extra hours for BEST Teams professional development by 70%.	10.00	Personnel	\$19,000
Special Services	79	Eliminate due process worktime outside of contract hours for special education teachers.	11.00	Personnel	\$13,000
Special Services	80	Reallocate one (1) early childhood teacher and one (1) educational assistant from achievement and integration budget due to new voluntary prekindergarten funding.	N/A	Personnel	\$112,823
Special Services	81	Reallocate credit recovery from achievement and integration funds to align revenue and expenditures in ALC funds.	N/A	Personnel	\$46,397
Special Services	82	Reduce ADSIS staffing by 0.90 FTE.	N/A	Personnel	\$115,431
Special Services	83	Reduce 1.0 FTE English learner teacher while still remaining in alignment with state student to staff ratio guidelines.	N/A	Personnel	\$125,000
Special Services	84	Eliminate underutilized special education web-based subscriptions.	N/A	Non Salary	\$32,000
Special Services	85	Reduce ADSIS web-based subscription costs by 35%.	N/A	Non Salary	\$20,165
Special Services	86	50% reduction in cell phone reimbursement stipend.	N/A	Personnel	\$3,960
Total Special Services					\$1,000,776