

NORTHFIELD PUBLIC SCHOOLS
Office of the Superintendent
Memorandum

TO: Board of Education
FROM: Matt Hillmann Ed.D., Superintendent
RE: Table File Items for May 23, 2022, Regular School Board Meeting

5. Items for Discussion and Reports
 - d. Proposed 2022-2023 General Fund Budget. The Proposed 2022-2023 General Fund Budget narrative and presentation is included in the table file.
 - f. Superintendent Operations and COVID-19 Update. Dr. Hillmann has added a legislative update to the operations report and it is included in the table file.
7. Consent Agenda
 - e. Personnel Items
 - i. Appointments
 23. Cody Kaslow, Program Assistant with Community Ed Recreation, beginning 5/25/2022-8/31/2022; \$10.33/hr.
 24. Alivia Kortuem, Summer Lifeguard with Community Ed Recreation, beginning 5/25/2022-8/31/2022; \$10.33/hr.
 - ii. Increase/Decrease/Change in Assignment
 47. Kevin Gilbert, Night Custodian at the Middle School, change to Night Custodian at the High School, effective 5/23/2022.
 48. Alivia Kortuem, Lifeguard with Community Ed Recreation, add Program Supervisor at \$11.14/hr and Program Assistant at \$10.50/hr. with Community Ed Recreation, effective 5/25/2022-8/31/2022.
 - iii. Leave of Absence
 1. Anna Kelly, Media Center EA at the High School, Leave of Absence for the 2022-2023 school year.
 - iv. Retirements/Resignations/Terminations
 4. Peter Maus, 7th Grade Football Coach, resignation effective 5/18/2022.
 5. Joel Leer, High School Principal, resignation effective 6/30/2022.
8. Items for Individual Action
 - a. Arcadia Charter School Contract Approval. The board is requested to approve the proposed contract between Northfield Public Schools and Arcadia Charter School.

Superintendent's Recommendation: Motion to approve the new contract between Northfield Public Schools and Arcadia Charter School, pending the Minnesota Department of Education's recommended changes to their by-laws, for the time frame July 1, 2022 - June 30, 2027.



General Fund | Proposed Budget | 2022-23

Val Mertesdorf, Director of Finance

Presented to the Board on 5.23.2022

Enrollment: Enrollment drives roughly 70% of our total revenue. The 2021-22 school year is our third consecutive year of declining enrollment. A 5% decline in enrollment over three years. We are currently projecting a slight increase in elementary students and a substantial decrease at the secondary level in the coming years. The state uses our adjusted pupil counts and weighs each student based on their grade level. This weighted calculation is called adjusted pupil units or APU. Kindergarten through grade 6 earn 1.0 and grades 7-12 earn 1.2. The enrollment projection looks at historical trends and birth rates. The proposed budget assumes 4,156.51 adjusted pupil units for the 2022-23 school year.

Revenue Assumptions: The basic formula generates approximately 55% of our total revenue. We know the basic formula will increase 2.0% from \$6,728 to \$6,863 per pupil unit. This is our largest source of revenue. We hope that the historic budget surplus will result in more state aid. We will wait to see how the legislature finishes their current session.

We also receive other state aids and categorical funding. The most notable being compensatory revenue which is a calculation that provides additional funding based on a building's free and reduced lunch count concentration. Historically, we have received about \$1 million dollars. Throughout the pandemic, the federal government provided free meals for all students. Unfortunately, this meant less families felt the need to apply for meal benefits which affects our compensatory calculation. The current projection for 2022-23 is \$673,000.

Our operating referendum includes an inflationary increase. We already know how much revenue we will receive from property taxes due to the timing of the levy certification in December. This proposed budget includes \$2,879,000 of additional federal funding. Local sources of revenue are showing a decline primarily related to an anticipated reduction in interest revenue as well as one-time revenue that was included in the prior year. We are also making an assumption that participation and admissions while rebounding are not quite back to pre-pandemic levels. The proposed budget does include an increase in activity fees.

The proposed revenue for 2022-23 is \$59,781,175.

Expenditure Assumptions: Salaries and benefits make up approximately 79% of the total budget. We are currently negotiating all the other employment agreements with the exception of the teachers. Ensuring our pay and benefits is competitive is critical in the current market. Benefits are projected to increase significantly. The primary drivers are health insurance, the 0.21% increase to our employer TRA contribution as required by statute and we are expecting a substantial increase to our worker compensation premiums as well.

Our non-salary budgets were decreased as part of the budget prioritization process. The amounts reflect these changes.

The proposed expenditures for 2022-23 are \$61,308,958.

Summary: When all the assumptions come together we are proposing a general fund budget with revenues of \$59.8 million and expenditures of \$61.3 million. The budget prioritization process has helped identify what is most important to our staff, families and community. We are grateful to be able to respond to declining enrollment, and significant health insurance increases from a position of strength. There were several items that were intentionally kept for one more year in the budget. The proposed budget shows the unassigned fund balance percentage at 14.18%. I do anticipate ending FY22 better than projected. I will be updating our financial forecast with the latest enrollment and recommendations from the priority based budget teams. This will be presented in July after the legislative session is complete.

As always, the budget is an estimate and a plan of how we intend to spend our limited resources. Stewardship is a strategic commitment in this district. We are in a much stronger financial position than many other districts. Our financial cycle will allow us to continue to monitor and respond to the changing enrollment and increased expenditures in a thoughtful, proactive manner. We are incredibly grateful to this community for believing in our stewardship and our programming enough to have not only renewed but also increased the operating referendum. We have been and will continue to be good stewards of the resources entrusted to us.

2022-23 Proposed Budget

GENERAL FUND



Enrollment Projections

Adjusted Pupil Units							
Year	Pre-K	KG	1-3	4-6	7-12	Total	APU
2018-19	41.21	248.38	797.56	911.04	2,051.84	4,050.03	4,460.40
2019-20	42.81	246.52	764.36	892.76	2,072.59	4,019.04	4,433.56
2020-21	44.33	202.40	747.90	843.88	2,062.29	3,900.80	4,313.26
2021-22#	46.00	241.09	747.71	816.67	1,980.28	3,831.75	4,227.81
2022-23#	46.00	257.73	752.08	804.61	1,913.41	3,773.83	4,156.51
2023-24#	46.00	254.98	782.72	817.22	1,881.29	3,782.21	4,158.47
2024-25#	46.00	243.00	823.84	807.26	1,817.65	3,737.75	4,101.28

- Estimated Enrollment

Revenue Assumptions

- State Sources

- 2.0% increase in basic revenue (\$6,863 per APU)
- Enrollment – decline
- Special Education
- Increase in Career Tech Levy

- Property Taxes

- Operating referendum inflationary increase
- Revenue known, certified levy in December

- Federal Sources

- Holding flat regular federal sources
- Additional federal dollars to support budget stabilization

- Local Sources

- Decrease in projected interest
- Assumes increase in participation fees
- Assumes participation at current rates

Revenue Summary

	2019-20 AUDIT RESULTS	2020-21 AUDIT RESULTS	2021-22 REVISED BUDGET	2022-23 PROPOSED BUDGET
Property Taxes	\$ 13,865,817	\$ 14,217,639	\$ 14,528,579	\$ 14,359,850
State Sources	\$ 39,595,228	\$ 40,135,486	\$ 39,600,693	\$ 39,836,598
Federal Sources	\$ 1,428,206	\$ 2,593,072	\$ 2,957,748	\$ 4,420,677
Local Sources	\$ 2,646,723	\$ 1,660,275	\$ 1,400,993	\$ 1,164,050
Total	\$ 57,535,974	\$ 58,606,472	\$ 58,488,013	\$ 59,781,175

Expenditure Assumptions

- Salaries
 - Negotiating with all off year agreements
 - Same total package as NEA
- Benefits
 - 0.21% increase in TRA (2.5% increase in addition to salary increases)
 - Increase in health contribution, current and on-going considerations
 - Increased work comp premium



Expenditure Assumptions

- Non-Salary & Other Operational
 - Transportation contract increase
 - Utilities – franchise fee from City
 - Building discretionary – per pupil allocation
- Fund Balance Goal = 14% of total expenditures



Expenditures by Program

	2019-20 AUDIT RESULTS		2020-21 AUDIT RESULTS		2021-22 REVISED BUDGET		2022-23 PROPOSED BUDGET	
ADMINISTRATION	\$	1,924,478	\$	2,175,422	\$	2,294,793	\$	2,237,407
DISTRICT SUPPORT	\$	1,530,980	\$	1,397,128	\$	1,563,785	\$	1,524,841
REGULAR	\$	26,566,921	\$	27,488,963	\$	30,516,660	\$	28,939,118
VOCATIONAL	\$	305,699	\$	253,268	\$	370,456	\$	490,094
SPECIAL EDUCATION	\$	11,170,887	\$	11,221,239	\$	11,904,299	\$	11,940,479
INSTRUCTIONAL	\$	3,137,089	\$	2,828,800	\$	2,960,244	\$	2,503,736
PUPIL SUPPORT	\$	4,378,502	\$	4,106,477	\$	4,613,047	\$	4,686,846
SITE & BUILDINGS	\$	4,220,878	\$	4,761,988	\$	4,917,919	\$	4,347,173
FISCAL & OTHER	\$	213,267	\$	315,265	\$	222,900	\$	251,100
CAPITAL OUTLAY	\$	3,032,575	\$	4,461,643	\$	1,666,291	\$	4,388,164
TOTAL	\$	56,481,276	\$	59,010,193	\$	61,030,394	\$	61,308,958

Expenditures by Object

	2019-20 AUDIT RESULTS		2020-21 AUDIT RESULTS		2021-22 REVISED BUDGET		2022-23 PROPOSED BUDGET	
SALARIES	\$	32,668,329	\$	33,309,150	\$	35,271,886	\$	34,799,665
BENEFITS	\$	11,850,622	\$	12,177,652	\$	13,882,508	\$	13,389,508
PURCHASED SERVICES	\$	6,379,528	\$	6,065,175	\$	7,101,822	\$	6,323,322
SUPPLIES	\$	1,855,552	\$	2,484,146	\$	2,381,641	\$	1,920,887
DUES & MEMBERSHIPS	\$	694,670	\$	512,427	\$	726,246	\$	487,412
CAPITAL OUTLAY	\$	3,032,575	\$	4,461,643	\$	1,666,291	\$	4,388,164
TOTAL	\$	56,481,276	\$	59,010,193	\$	61,030,394	\$	61,308,958

General Fund Summary

	2019-20		2020-21		2021-22		2022-23	
	AUDIT		AUDIT		REVISED		PROPOSED	
	RESULTS		RESULTS		BUDGET		BUDGET	
REVENUE	\$	57,535,974	\$	58,606,472	\$	58,488,013	\$	59,781,175
EXPENDITURES	\$	56,481,276	\$	59,010,193	\$	61,030,394	\$	61,308,958
DIFFERENCE	\$	1,054,698	\$	(403,721)	\$	(2,542,381)	\$	(1,527,783)
BEGINNING FUND	\$	17,503,062	\$	18,557,760	\$	18,154,039	\$	15,611,658
ENDING FUND BALANCE	\$	18,557,760	\$	18,154,039	\$	15,611,658	\$	14,083,875
RESTRICTED FUND	\$	5,759,087	\$	7,179,371	\$	5,843,486	\$	5,389,208
UNASSIGNED FUND	\$	12,798,673	\$	10,974,668	\$	9,768,172	\$	8,694,667
UNASSIGNED FUND		22.66%		18.60%		16.01%		14.18%

Questions?

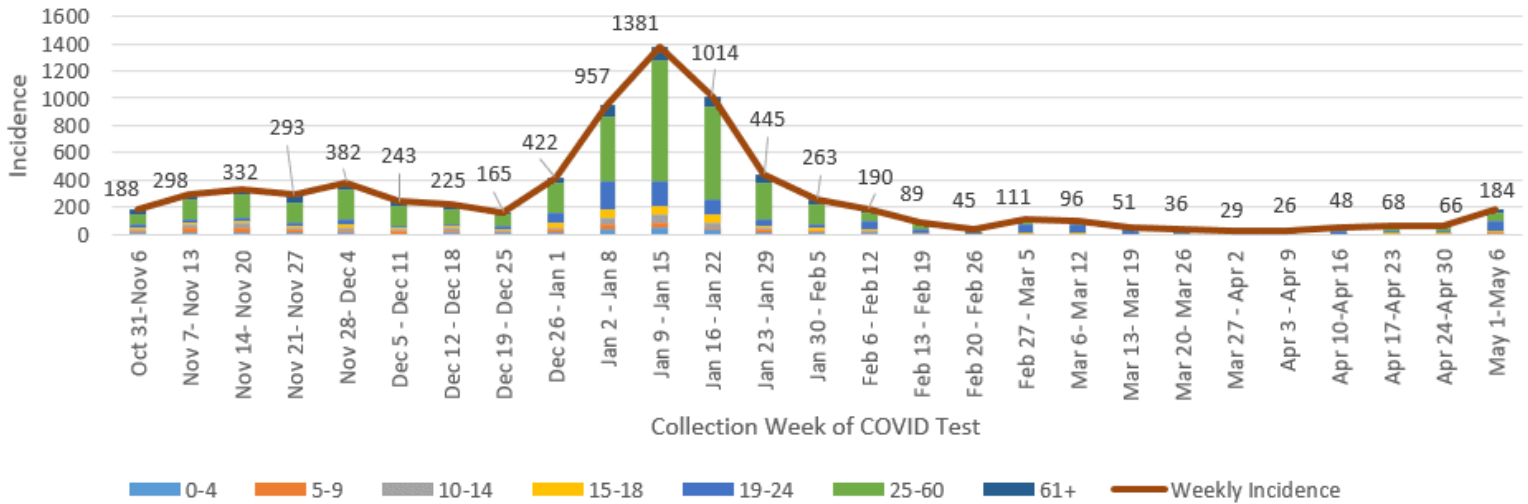
- Thanks for your time!



Executive Summary: This report provides an overview of the district’s operations, bright spots, anti-racism work, and response to COVID-19.

The graph below represents the COVID-19 cases in Rice County per week. The chart is from the Rice County Public Health website.

Rice County Weekly Incidence by Age and Collection Week of COVID Test October 31, 2021-Present



The district implemented its updated COVID-19 protocols in K-12 schools on Feb. 21. On March 7, the district aligned the COVID-19 protocols at the Northfield Community Education Center (NCEC) with the protocols with K-12 schools. Face masks are recommended but optional across the entire school district. The vaccination requirement for volunteers has also been removed as of March 14. As of May 19, the district reported 86 new COVID-19 cases in the previous 14 days. People can view the latest district data through the district’s COVID-19 dashboard at:

<https://northfieldschools.org/covid-19/reported-covid-19-cases-dashboard/>

The influenza-like illness (ILI) rates have been within the district’s parameters. During the week of May 9—13, six of seven schools averaged less than 3% of their students absent due to ILI symptoms. All schools were below 5%.

Middle School and High School Career Exploration Day

strategic commitment highlights: learner outcomes, partnerships

The career exploration day event returned to Northfield Middle School on May 17 with 38 different companies present. Middle and high school students were able to interact with these companies or organizations and learn about different technical career opportunities. This day is important because students see successful people in their field who are passionate about their work. This experience can help create a positive future vision of themselves as they begin to see what role they might fulfill in the workforce as adults. At the end of the day, seniors had the opportunity to interview with some of the companies and potentially receive job offers to begin their careers immediately after graduation.



Many thanks to John Stenz, Heather LaCroix, and Force America for the vital role they played in this event’s planning and execution. Northfield Middle School principal Michael O’Keefe and Northfield High School counselor Mark Ensrud were instrumental in helping coordinate the day for the school district. And, as always, Northfield Healthy Community Initiative (HCI) was a strategic partner in supporting this event.

Student Data Summit

strategic commitment highlights: learner outcomes, equity, people, partnerships

The student data summit also returned to the district on May 18 with student leaders from Northfield, Faribault, Tri City United, and Waterville-Elysian-Morristown attending. These young leaders developed new relationships through team-building exercises and analyzed their school's disaggregated attendance and summative grading data. They reviewed what demographic gaps exist and ideated action steps for continuous improvement. This experience is vital because it brings student voice to the table in solving challenges that impact their peers. This event helps student leaders to better understand complex problem solving and systems-based approaches to solving those problems. This event is part of the district's Achievement and Integration plan.



Bridgewater Boosterthon Fun Run

strategic commitment highlights: people, partnerships



Bridgewater Elementary School held its annual Boosterthon Fun Run on May 13. An amazing day of weather brought many families to campus for this capstone event. The Boosterthon fundraiser kicked off with a fun staff video. Each class selects a team name and participates in a variety of fun activities focused on building pride in the school, including specific character education components. Students seek sponsorships for the fun run and raised \$64,000 — nearly \$20,000 more than their goal!

Northfield High School Task Force

strategic commitment highlights: learner outcomes, stewardship

The Northfield High School facility task force has concluded its initial meetings. Wold Architect and Knutson Construction will share their report with the board during a work session on June 13 prior to the regular school board meeting. In addition, the City of Northfield has shared there is a potential buyer for the Northfield Ice Arena. This purchase prompts us to discuss the future of the ice arena as part of the comprehensive plan for the Northfield High School facility.

Acknowledging the Buffalo, New York mass shooting victims

strategic commitment highlights: people, equity

While the horrific and racism-motivated Buffalo, New York mass shooting took place over 700 miles from Northfield, it does impact us here as well. These kinds of incidents make some of our students of color feel vulnerable and cause fear. The deranged rationale of the perpetrator in this case serve as a painful reinforcement for the vital need to be committed to anti-racist practices in our school district. We mourn with the people of Buffalo as they process the grief and anger that accompany such an event.

Legislative Update via Ewald Consulting (MASA)

Table file addition

The following information is an update from Valerie Dosland, a lobbyist from Ewald Consulting who provides legislative support for the Minnesota Association of School Administrators (MASA). I received this email on May 23, 2022.

Despite reaching a global budget agreement, the Legislature failed to end the session with the passage of most supplemental budget bills, a bonding bill, or a tax bill.

The Tax Conference Committee reached an agreement on the tax bill that includes a combination of income tax cuts, social security tax cuts, credits for working families, and property tax relief. Despite reaching an agreement, the House and Senate failed to take up the bill by the midnight deadline.

Because the E12 conference committee failed to reach agreement over the weekend, the leaders took over negotiations. They exchanged offers Saturday and Sunday, but they also failed to reach agreement. The last public offer from the Senate included

\$52 million for LETRS, \$911 million for the special education cross-subsidy, \$15 million for level IV mental health grants, and \$25 million for early learning scholarships.

The tax agreement included equalization of the first tier of a district's local optional levy, new cooperative facilities lease levy, an increase in the school building bond credit from 70 percent to 85 percent, and an increase in the phase-out for the K-12 income tax credit to begin at \$70,000.

As the leaders continued to negotiate the details of the budget bills, there was a lot of talk about a possible special session so the Legislature could finish its work. The House majority wants one, and the Governor indicated he would now call them back if they reach agreement on the outstanding budget bills, but the Senate majority does not seem very open. More to follow on that!