

Napa Valley Community College District

Final Budget 2023-2024

BOARD OF TRUSTEES MEETING

SEPTEMBER 14, 2023

JIM REEVES

ASST. SUPT./VICE PRESIDENT, ADMINISTRATIVE SERVICES



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Final Budget – Fiscal Year 2023-2024

- Required by California Education Code, the Final Budget is prepared for the Board of Trustees review and approval not later than September 15 of each year. The adoption of the Final Budget provides statutory authorization to sustain financial and operational commitments to advance the mission of the institution.
- The Final Budget is prepared through a deliberative process with contributions from budget operating units, Area Councils, the Planning & Budget Committee, and the President’s Cabinet. Source documents for this work include AP 6200, the Budget Development Memorandum, and the Budget Values & Assumptions document. The budget workgroup reviewed the DRAFT Final Budget and provided feedback regarding assumptions and projections. A Campus Budget Forum was convened on September 7, 2023 to present the DRAFT Final Budget and to solicit feedback. The Budget Committee was convened on September 7, 2023 to consider feedback from the Campus Budget Forum and make a recommendation to the Superintendent/President.
- The Final Budget is presented utilizing the best information available. Should material changes to the budget become necessary or apparent, such changes and recommended actions will be presented to the Budget Committee for a recommendation to the Superintendent/President and Board of Trustees.

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Planning Assumptions

Enrollments

- Initial enrollment estimates for FY 2023-2024 are anticipated to be comparable to 2022-2023
- 2020-2021 Actual – 4,021 FTES
- 2021-2022 Actual – 3,509 FTES
- 2022-2023 Actual – 3,073 FTES
- 2023-2024 Projected – 3,073 FTES

Revenue – (anticipated material changes)

- County Property Tax Base Revenues are reported to increase by 8.16%, resulting in a 5.17% increase in property tax revenue to NVCCD.
- A slight decrease in state appropriations based revenue, and offset to some extent by COLA increases to selected categorical funds.
- Revenue realized from the lease of a portion of the Upper Valley Campus to the City of St. Helena at \$206,516 is included.
- Reduced *Other Financing Sources* due to discontinuance of HEERF Funds and DAS contribution.

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Planning Assumptions – Changes in Costs

Employee Associated Salary & Benefits Costs

- Faculty Salary Increase - 8% per CBA agreement with a base property tax increase exceeding 7.49%. (The faculty CBA prompts a reopener when property tax increases exceeding 7.49%)
- Permanent Classified Salary Increase – 3.5% (per CBA)
- Administrator/Confidential Salary Increase – 3.5%
- Increase in PERS contribution rate from 25.37% to 26.68%
- STRS contribution rate maintained at 19.10%
- Step & Column adjustments included
- Out-Of-Class pay included

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Changes in Costs

- SERP II participants – 18
Anticipated annual SERP savings – \$ 450,000 (net of costs for five years with minimal rehires)
- Changes in section offerings – Fall & Spring Semesters
 - 2020-2021 – 1,179 sections
 - 2021-2022 – 1,105 sections
 - 2022-2023 – 1,029 sections
 - 2023-2024 - 1,050 sections (projected)

Costs associated with PT Faculty Salaries

2022-2023 - \$3,994,655 (pre-close)

2023-2024 - \$4,314,227 (budgeted, includes 8% increase per CBA)

Budget Development Methodology

(see footnotes to fund budgets for more information)

Revenues

- Property Tax Revenues are reported by the County to increase by 8.16% over 2023-2024 resulting in a 5.17% increase in property tax revenue to NVCCD.
- Changes in State Revenues are reflected per the Chancellor's Office Advanced Apportionment Schedule.
- Local Revenue are based upon an average of actual receipts of the past two years.
- Other Financing Sources are equal to anticipated revenues for the upcoming year.

Expenditures

- Salaries and Wages are projected based on the CBA's currently in place. A faculty increase is projected to be 8% based upon an increase in Property Taxes of 8.16%. * Classified and Administrative salaries are projected to increase by 3.5%.
- Benefits are driven by payroll and anticipated to increase by 3.2% when compared to 2022-2023.
- Operating Expenses have been reviewed and adjusted based upon spend rates and recent experience (a review of 2 years of activity).
- Requests for budget augmentation (operational continuance) are under review.
- OPEB increases include medical costs for retirees in addition to SERP I and SERP II costs.

*The CBA for Faculty prompts a "reopener" of the contract should property tax increases exceed 7.49% for the year. There is no information at the time of this writing regarding the implications of a reopener for the 2023-2024 budget.

Changes in Staffing

A comparison of staffing levels prior to SERP I (8/21) and after SERPII (8/23)

AUGUST 2021	TOTAL		FUND 11		FUND 12		SPLIT FUND 11/12		OTHER FUNDS	
	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE
Faculty Salaries - Permanent	110	109.200	102	101.200	3	3.000	5	5.000	0	0.000
Admin. Academic - Permanent	19	19.000	14	14.000	3	3.000	2	2.000	0	0.000
Classified Salaries - Permanent	150	141.425	113	104.425	24	24.000	12	12.000	1	1.000
Admin. Classified - Permanent	19	19.000	14	14.000	2	2.000	2	2.000	1	1.000
Confidential - Permanent	12	12.000	11	11.000	0	0.000	1	1.000	0	0.000
TOTAL	310	300.625	254	244.625	32	32.000	22	22.000	2	2.000
AUGUST 2023	TOTAL		FUND 11		FUND 12		SPLIT FUND 11/12		OTHER FUNDS	
	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE
Faculty Salaries - Permanent	99	97.250	87	85.250	3	3.000	9	9.000	0	0.000
Admin. Academic - Permanent	12	12.000	5	5.000	2	2.000	5	5.000	0	0.000
Classified Salaries - Permanent	123	117.950	92	87.200	16	15.750	12	12.000	3	3.000
Admin. Classified - Permanent	18	17.750	12	12.000	2	1.750	2	2.000	2	2.000
Confidential - Permanent	10	10.000	9	9.000	0	0.000	1	1.000	0	0.000
TOTAL	262	254.950	205	198.45	23	22.500	29	29.000	5	5.000
Notes:										
sabbatical and full time leave replacement are included										
split fund 11/12 - not necessarily 50/50 split										
other funds maybe a combination of funds 11/68/71/83										
Aug 2023 is based on actual Aug 2023 payroll										
updated 08/31/2023										

Six Strategic Goals – 2018-2023

1. Work with local educational partners to promote opportunities at NVC and equip incoming students with the skills and resources needed for college success
2. Engage NVC students and assist in their progress towards educational and job training goals
3. Increase NVC student achievement and completion of educational and job training goals
4. Achieve equity in student outcomes and promote equity-mindedness as a means to evaluate all District practices
5. Ensure the fiscal stability of NVC as a community-supported district
6. Enhance collaboration between NVC and community & civic partners

Budget Priorities – 2023-2024

(as identified in the 2023-2024 Budget Guidance Memorandum)

- Student Equity, Support & Success – Funded primarily by state equity funds.
- 50% Law – Anticipated improvement with SERP I (July 1, 2022) and SERP II (July 1, 2023) implementation in addition to a continued review and of Fund 11 expenses subject to reclassification.
 - 2020-2021 – 41.97%
 - 2021-2022 – 42.72%
 - 2022-2023 – 45.22% (pre-close)
- Employee Salary & Benefits – Faculty & Classified Salaries will increase based on the respective Collective Bargaining Agreements. Administrative salaries budgeted to increase based upon classified salary increases.
- Investments in Technology – The 2023-2024 budget reflects a *net* increase of approximately \$900,000 in hardware and technology managed services.
- Student Outreach & Marketing – Funded primarily by state funds for outreach.
- Fund Balance (reserves) – Projected to increase by \$502 K to address responsible reserve thresholds by ACCJC and the Chancellor’s Office. An increase in Fund Balance must also provide assurances that funds (up to \$650,000) is available to address a subordinated liability associated with an underperforming Student Housing Project beginning in 2024-2025.

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Budget Priorities

The following are budget priorities as recommended in the Budget Guidance Memorandum and included in the DRAFT Fund 11 budget:

Recommended	Fund 11	Fund 12	Total	Strategic Goal Alignment
Student Equity, Support & Success		\$ 2,192,860*	\$ 2,192,860* (to be confirmed by CCCCCO-September 2023)	2,3 & 4
Investments in Technology & Instructional Equipment	\$ 750,000	\$ 350,000 \$ 450,000 Student Technology Fee (Wi-Fi access) \$ 650,000 - \$ 1 M Instructional Equip. (State Funds)*	\$ 2.2 M	1&3
Student Outreach & Marketing	\$ 60,500	\$ 244,000 (combined with Covid Block Grant & Scheduled Maintenance)	\$ 304,500*	1,3 & 6
Unfunded Liabilities	\$ 0	Unrestricted General Fund (defer consideration)	\$ 0	5
Increase in Fund Balance	\$ 364,934 (see Fund 11 note 3)		\$ 364,934	5
* Subject to CCCCCO Funding info. & NVC Plan development				

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Operational Recommendations

The following are recommended investments to address compliance and operational imperatives and included in the Tentative Fund 11 budget:

Budget	Fund 11	Fund 12	Total	Strategic Goal Alignment
Implement Ellucian Advisory Services for HR, Finance & IT	\$ 120,000		\$ 120,000	5
Ellucian Advisory Services for – Fin. Aid/ A&R		\$ 80,000	\$ 80,000	5
IT Managed Services	\$ 750,000 incremental increase to 22-23PY Budget (\$ 1.1 M annual contract)		\$ 750,000 incremental increase to 22-23PY Budget (\$ 1.1 M annual contract)	5
Compensation Study	\$ 25,000		\$ 25,000	5
Educational Master Plan	\$ 100,000	\$ 48,200	\$ 148,200	5
Environmental Consultant – Ash Landfill	\$ 100,000			5

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Notes to Fund 11 Budget

- (1) Position Control continues to be key to managing the current and future human resource costs for the District. The Final Budget includes replacement positions recommended as necessary for continued operations and will be considered by the President's Cabinet on a case-by-case basis. Positions authorized for recruitment will be initially posted internally with the college reserving the right to reassign existing staff to open positions for which they are qualified. The President's Cabinet will strive to achieve a "no net change" to the operating budget as part of these considerations.
- (2) Technology investments include additional management support through a managed services agreement with Ellucian and continued hardware improvements.
- (3) The increase in the fund balance is a projection dependent on the ending balance for FY 2022-2023 and realized revenues/expenditures for FY 2023-2024.
- (4) The District currently owns the budget development module for Ellucian/Colleague. Continued funding will be utilized for consulting that continues work underway to operationalize this module.
- (5) Position Control has been cited by the FCMAT team and others as a contributor to excess expenditures related to personnel costs. In support of improving controls, systems, and reporting, the District will continue to invest in operationalizing software modules in Human Resources and Budget monitoring that will assist in more consistent monitoring and reporting of staffing and its implications for planning.

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Notes to Fund 12 Budget

- (1) Expenditures and program balances are estimated and will change as a result of financial close activities still underway for the 2022-2023 fiscal year.
- (2) Revenue projections do not include increases/decreases in program allocations as a result in State appropriations for FY 2023-2024. Additional information regarding appropriations will be available from the Chancellor's Office later in September. Appropriations and related information for categorical programs can be accessed through the *California Community Colleges 2023 Compendium of Allocations and Resources* available on the NVC Website
- (3) College finance staff continue to review the appropriate and allowable allocation of expenses to Fund 12 programs. Changes due to this continuing review of accounts is ongoing and will be reflected in closing financial statements.

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Notes to Other Funds

Please refer to the respective fund report notes for revenue and expense assumptions:

1. Funds 22-28 – Combined Debt Service Funds (G.O. Bonds)
2. Fund 33 – Childcare Fund
3. Fund 41 – Capital Outlay Projects Fund
4. Fund 61 – Self Insurance Fund
5. Fund 68 – Other Internal Services Fund
6. Fund 69 – Post-Retirement Benefits Fund
7. CA Employers' Retiree Benefit Trust (CERBT)
8. Fund 71 – Associated Student Body Fund
9. Fund 72 – Student Representation Fee Trust Fund
10. Fund 74 – Student Financial Aid Fund

ACKNOWLEDGEMENTS

I wish to thank the Planning & Budget Committee 2022-2023 for their considered input, advice, and oversight to the development of the 2023-2024 budget. Thanks also goes to Mr. Doug Roberts who assisted our permanent staff in the assembly of the Final Budget. A special thanks goes to our Controller, Wendy Nucho in addition to David Prince, Imelda Basco, and Solange Kada for their assistance in the analysis of financial data and the preparation of the budget materials.

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Questions/Observations/Recommendations