

October 5, 2021

Dr. Ron Kraft
Superintendent/President
Napa Valley College
2277 Napa-Vallejo Highway
Napa, CA 94558

Dear Dr. Kraft,

Thank you for taking the time to discuss Napa Valley College's 2021 annual fiscal report findings with Christine Statton, ACCJC's Fiscal Review Associate, and me. We found our conversation to be very productive. As we discussed, Napa Valley College has been placed on enhanced monitoring. I look forward to supporting your efforts as you and the college's board continue to work together, along with the appropriate constituency groups, to address the institution's fiscal issues.

Per ACCJC policy and federal regulations, ACCJC is required to monitor member institutions' fiscal stability annually, as part of its accreditation review, in order to ensure that accredited institutions are able to continue to meet their missions and ensure ongoing viability for the students they serve.


ACCJC uses its Composite Financial Index (CFI) to assess institutional finances, as provided by the institution. The factors used in the CFI include the primary reserve ratio, net operating revenue ratio, salary and benefit percentages, enrollment declines, audit findings, and other financial assessments. Based upon the analysis of the data, institutions score within one of three categories: fiscally healthy, moderate risk, or at-risk. Institutions that score within the at-risk category are placed on enhanced monitoring by ACCJC. As we discussed during our conversation, Napa Valley College scored in the at-risk category, for the following factors:

- Fund Balance Reserve averaged 6% over 3 years
- Average net operating ratio (net deficit divided by revenues) was -4.9% over the three years
- Three years deficits averaged -\$1.866M
- FTES down 10.8%
- OPEB Trust only 9% funded
- Cash balance down 12.7%
- Negotiations issues – contracts not settled with employees
- Audit findings/issues 2019-2020

Note: One time transfers-in are not included in the composite financial index calculations

As part of the enhanced monitoring process, institutions must update the ACCJC on plans undertaken to address the fiscal factors listed above. Your response can be in the form of an electronic letter addressed and emailed to me and must be received by Friday, December 3, 2021. Institutions on enhanced monitoring for three consecutive years who fail to address their fiscal issues may receive an adverse action by the Commission. In the meantime, I am available to you and your leadership team should you have any questions or need assistance. You may reach me via email at sdroker@accjc.org . . . (contact phone number removed).

Sincerely,

A handwritten signature in black ink that reads "Stephanie Droker". The signature is written in a cursive style with a large initial 'S'.

Stephanie Droker, Ed.D.