

Napa Valley Community College District  
Guidance Memorandum  
For the Development of the 2024–2025 Budget

This memorandum is provided as guidance for the 2024-2025 budget for the Napa Valley Community College District. It is being made available to Budget Center Managers and members of the community to communicate budget assumptions, broad planning parameters and the procedure for requesting resources for the 2023-2024 academic year.

Budget Managers for Categorical, Grant and Special Program Funding, please refer to the Restricted Funds Budget Guidelines on page 5 of this document.

Please refer to following documents and the [Planning & Budget Development](#) website for additional information regarding budget development:

*Napa Valley Community College District's Budget Development Values & Assumptions* for general guidance regarding budget development.

[Allocation Recommendation Process](#)

[2023-2024 California Community Colleges Compendium of Allocations and Resources](#)

[Napa Valley College Planning & Budget Development Campus Forum Presentation](#)

[Budget Development Values & Assumptions](#)

Current Conditions

The District has made incremental progress in its financial position as evidenced by the removal from ACCJC “enhanced monitoring” status with the successful filing of the District’s annual audits and the timely filing of its annual 311 report. In addition, the following factors have contributed to a “steady” of the financial condition of the College.

- The approval by the Board of Trustees of a balanced budget for 2023-2024.
- An incremental increase in reserves for 2022-2023 with a projected increase in reserves for 2023-2024.
- The adoption of two SERP’s by the Board of Trustees for thirty-six employees resulted in reduced budget demand for 2022-2023 and 2023-2024.
- An ongoing review by President’s Cabinet of requested personnel actions has also supported an enhanced effort to manage position control at the college.
- The suspension of the Criminal Justice Training Center effective for the 2023-2024 fiscal year.

## **Meeting the 50% Law Threshold**

The College realized a modest improvement in progress towards meeting the 50% law threshold reported for the 2022-2023 fiscal year at 45.28%. The SERP that took effect on 7/1/23 is expected to assist in continuing progress toward the attainment of the 50% threshold.

## **Building Adequate Financial Reserves**

Based upon a review of current operating patterns and projected revenues, the District is not projecting a funding gap for fiscal year 2024-2025. However, five-year projections utilizing conservative operating revenue assumptions suggest that *operating reserves* will not change significantly without additional measures to reduce expenses and/or improve revenues. Measures currently underway, or being considered include the following:

- A continued review by President's Cabinet of requested personnel actions to ascertain if the action is essential, and consideration of options for how these services can be rendered.
- To restrict expenditures to those necessary to support teaching, learning, student support, maintenance, and compliance requirements.
- The prospect of additional revenue realized as a result of the student housing initiative.
- The prospect of additional revenue realized as a result of a net increase in non-resident student enrollments as a result of the availability of student housing beginning in 2024-2025.

## **The Financial Impact of Student Housing at NVC**

River Trail Village, the 588 bed student housing facility on campus will open for the fall 2024 semester. Financial targets for the first year 2024 -2025 are 75% occupancy. Beyond this threshold, the college will receive some revenue, as yet unquantified. Should occupancy not reach 75% in the first year, a subordinate liability agreement will trigger an amount up to \$ 650 K based upon the shortfall in occupancy below 75%.

The budget process for 2024 – 2025 anticipates some additional expenses related to the student housing program. Efforts to add additional staff in safety and security have been included in the 2023-2024 budget with additional requests anticipated in 24-25. Other areas with anticipated needs include requests to support students' mental and physical health. Other needs will be identified and quantified through the budget process.

These additional expenses will add additional pressure on the budget for 2024-2025.

## **Context for Budget Planning**

### **Revenue**

While the Governor's proposed budget for 2024 -2025, presented in January 2024, indicates a shortfall of \$37.9 billion, School Services of California has projected that the "budget proposal does not seem to pose any significant threats to community-supported districts' revenues – either local property taxes or categorical program funds." With more information expected in the May Revised Proposal from the Governor's office, the District will be able to provide additional information about revenue impacts on

state funding, particularly with categorical and scheduled maintenance/instructional equipment funding.

As local property taxes constitute in excess of 85% of revenues, initial budget projections will initially utilize a two-year average of property tax revenues (FYE 2023 actual revenues plus FYE 2024 projected revenues). The District will know more about revenue from property taxes in August when the County assessor reports property tax revenues for the County. Contributions from other revenue sources are projected to be flat.

Revenue realized as a result of the student housing program has yet to be determined.

### **Expenses**

The following include the significant budget planning implications for the 2024 – 2025 budget.

- Expiring collective bargaining agreements for faculty and classified staff will necessitate these considerations as the budget is being planned.
- Employee benefits, including the cost for employees' medical coverage, are projected to increase by amounts in excess of 12%.
- Costs associated with construction management of the Wine Education Center will require an increase in the facilities budget.
- The costs associated with additional mitigation of the Ash Landfill will require additional funding.
- Anticipated increased costs for utilities (electricity, natural gas, water, and sewer) are expected to increase.
- The costs associated with the development of a Facilities Master Plan for the campus.

### **Enrollments**

Enrollments at Napa Valley College have been declining for several years. While there is evidence that enrollments may be leveling off, they are not anticipated to improve significantly in the near term. The onset of student housing on campus is expected to impact enrollments, however, the actual impact is not known at the time of this writing. Therefore, college budgets for instruction and categorical programs should be reflective of 2023-2024 enrollments, or 3200 FTES.

### **Personnel**

In support of the continuing need to carefully monitor staffing costs, the soft "hiring freeze" currently in place will remain until further notice. When positions are deemed necessary to the ongoing operations of the college, reassignments and retraining of current staff will be a priority consideration when a determination is made to fill an open position.

### **Budget Development Process & Procedure**

Revisions to the budget development process will be piloted for the 2024-2025 budget after consultation with the Planning Committee and the Budget Committee.

Significant revisions to the process include submission of separate requests for strategic initiatives as distinct from Operational Continuance budget requests. Please refer to the [Planning & Budget Development](#) website for more information regarding this change.

### Unit Planning – Requesting Funding for *Strategic Initiatives*

The planning process for 2024-2025 requires submissions by budget areas to submit requests for *Strategic Initiatives* on a spreadsheet located at the above noted website. Strategic Initiatives are defined as *an idea or program that addresses a goal of the college in a specific way and is not currently being done at NVC*. These initiatives are due no later than **January 31, 2024**, and should be forwarded to RPIE.

### Unit Planning – Requesting *Operational Continuance* Funding

Requesting additional funding for Operational Continuance is defined as *additional resources required to meet the current level of service*. These funding requests are due no later than **January 31, 2024**, and emailed to [james.reeves@napavalley.edu](mailto:james.reeves@napavalley.edu) and [skada@napavalley.edu](mailto:skada@napavalley.edu)

### **Available Funding Earmark**

While the college's financial condition has improved over last year, revenue and expense projections suggest that discretionary funds available for allocation in the 2024-2025 budget, after bargained-for salary increases and inflation adjustments for ongoing expenses have been incorporated, will be limited.

In order to address strategic initiatives deemed important to pursue and to support Operational Contingency costs, the initial budget will earmark \$200,000 for these purposes. \* Note that this amount may change as updated revenue and expense information becomes available.

Detailed budget and expenditure information is available to Budget Center Managers through the Self-Service portal. This reporting tool is active for all Budget Center Managers

A *Resource Task Force* has been included in the *Annual Planning & Resource Allocation Process 2024-2025 Cycle*. The purpose of this exercise is to identify all available resources and consider how they are best utilized to meet the goals and objectives of the college. Recommendations for funding will be made to the Budget Committee as part of the budget process.

### Budget Priorities for 2024-2025

The following planning priorities will provide a basis for consideration of budget requests for 2024-2025.

Student Performance: Equity-minded initiatives that lead to measurable improvements in student matriculation, on-boarding, access, success, persistence, and overall sense of belonging. Initiatives focusing on specific metrics and objectives described in institutional and program-level planning documents (e.g., Guided Pathways, Student Equity, Strategic Enrollment Management, program review).

Student Basic Needs: Investments that improve student access to housing, food, health/mental health services, and transportation. Initiatives with a focus on expanding resources for students and development of community partnerships.

Campus Climate: Initiatives that promote and facilitate a safe and inclusive work environment for all employees. Initiatives designed to address findings from recent campus climate surveys and other data.

Physical Infrastructure: Investments in the college’s aging physical infrastructure, including instructional equipment. Initiatives with a focus on improving and modernizing existing facilities and equipment supporting student learning (including safety and access).

River Trail Village: Investments in marketing, onboarding, and support services for students in residence. Initiatives with a focus on providing opportunities and services for campus residents, including new and innovative offerings.

### **Categorical, Grant and Special Program Funding Guidance**

The use of restricted funds including categorical, Grant and Special Program (SPP) funding, in aggregate, is approximately \$19 M at Napa Valley College. A strategic and “braided” use of all funds to affect student outcomes is a stated goal of the Chancellor’s Office. In order to advance this objective, a Resources Allocation Task Force has been inserted into the budget process to encourage conversation around this objective.

All budget managers should consider the appropriate use of available funds to meet student outcome objectives. To advance this objective, budget managers are encouraged to consider the following:

- Consult [NVCCD California Community Colleges 2023-2024 Categorical Funding](#) and the [Compendium of Allocations and Resources](#) issued by the Chancellor’s Office to determine if funding is possibly available to meet needs identified in your budget area.
- Contact the categorical manager to discuss the merits of including funds in your program area. Insert this potential funding source in your Unit Plan.
- Funding possibilities will be considered by the Resource Allocation Task Force with recommendations forwarded to the Budget Committee, Planning Committee, and President’s Cabinet.
- Budget commitments to budget centers are to be updated annually by Budget Center Managers responsible for the administration of these programs.

Reviewed by Budget Committee 2/15/24