

Napa Valley Community College District Board of Trustees

2023–2024 Tentative Budget Presentation
June 15, 2023

PRESENTED BY:

JIM REEVES, ASST. SUPT./VICE PRESIDENT, ADMINISTRATIVE SERVICES

Tentative Budget – Fiscal Year 2023-2024

- Required by California Education Code, the Tentative Budget is prepared for the Board of Trustees review and approval not later than June 30 of each year. The adoption of the Tentative Budget provides statutory authorization to sustain financial and operational commitments that advance the mission of the institution until the final budget is adopted.
- The Tentative 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 Tentative Budget and provided feedback regarding assumptions and projections. A Planning & Budget Campus Forum was convened on May 18 to present the DRAFT Tentative Budget and to solicit feedback. The Planning and Budget Committee was convened on May 19 to consider feedback from the Planning & Budget Campus Forum and forward a recommendation to the Superintendent/ President.
- The Tentative Budget is presented utilizing the most recent information available and is subject to change as additional information becomes available. Additional information can include, but not be limited to realized enrollments, information contained in the adopted budget from the Governor’s office, confirmed state and local property tax revenues, and finalized employee benefits costs. Confirmed information will be reflected in the Final Budget scheduled for review and adoption at the September 14 meeting of the Board of Trustees.

2023-2024 Tentative Budget

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 (subject to revision based upon actual enrollments)
2023-2024 Projected – 3,073 FTES (subject to revision based upon realized fall enrollments)

Revenue – (anticipated material changes)

- Initial local property tax estimates suggest a 5.6% increase.
- A slight decrease in state appropriations based revenue, and offset partially 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.

2023-2024 Tentative Budget

Planning Assumptions – Changes in Costs

Employee Associated Salary & Benefits Costs

- Faculty Salary Increase - 7% (per CBA with property tax increase of 5.5% to 6.49%)
- 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%
- No Change in STRS contribution rate of 19.10%
- Awaiting projected cost increases in employee medical benefits
- Step & Column adjustments included
- Out of class pay included

2023-2024 Tentative Budget

Changes in Costs

- SERP II participants – 17
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 - \$ 3,811,537 (projected)

2023-2024 - \$ 3,852,000 (budgeted at 2022-2023 levels with a 7% increase per CBA)

Tentative Budget Development Methodology

Revenue Projections

- Property Tax Revenues are based upon the average of the two previous years of realized tax receipts.
- Increases in State tax revenues and other state sources are increased by the projected COLA per the *School Services Dartboard*.
- Other Local Revenue has been increased by 2% in anticipation of nominal growth.

Expenditure Projections

- Salaries and Wages are projected based upon the CBA's currently in place. An increase in faculty salaries is projected to be 7% based upon an increase in Property Taxes of 5.6%. Classified and Administrative salaries are projected to increase by 3.5%.
- Benefits are driven by payroll and anticipated to decrease by 8.7% based on projected payroll.
- Operating Expenses have been reviewed and adjusted based upon spend rates and recent experience (a review of 2-3 years of activity).
- An allocation for budget augmentation has been earmarked at \$ 75 K with additional review in progress.
- OPEB includes medical costs for retirees in addition to SERP I and SERP II annuity costs.

Budget Assumptions - Staffing

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	101	99.250	89	87.250	3	3.000	9	9.000	0	0.000
Admin. Academic - Permanent	14	14.000	8	8.000	2	2.000	4	4.000	0	0.000
Classified Salaries - Permanent	134	128.025	98	92.775	20	19.750	12	12.000	4	3.500
Admin. Classified - Permanent	21	20.750	14	13.750	3	3.000	2	2.000	2	2.000
Confidential - Permanent	11	11.000	10	10.000	0	0.000	1	1.000	0	0.000
TOTAL	281	273.025	219	211.78	28	27.750	28	28.000	6	5.500

Notes:
 sabbatical included
 full time leave replacement 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 23/24 budget projection

updated 05/15/23

Aligning Planning with Budget

NVC's 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

Aligning Planning with Budget Identified Priorities-2023-2024 (as noted 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.

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 an increase in investments of management support and equipment.

Student Outreach & Marketing – Funded primarily by state funds for outreach

Fund Balance (reserves) – Projected to increase by \$ 591 K to address responsible reserve thresholds as recommended by ACCJC and the Chancellors office. An increase in Fund Balance must also provide assurances that funds (up to \$ 650,000) are available to address a subordinated liability associated with an underperforming Student Housing Project (beginning in 2024-2025).

2023-2024 Tentative Budget

Budget Priorities - The following are budget priorities as recommended in the Budget Guidance Memorandum and included in the Tentative Budget:

Recommended	Fund 11	Fund 12	Total	Strategic Goal Alignment
Student Equity, Support & Success		\$ 2,192,860	\$ 2,192,860 (subject to revision for FY 2024)	2,3 & 4
Investments in Technology & Instructional Equipment	\$ 750,000 (increased IT funding over 22-23 to address cost of Managed Services)	\$ 350,000 (hardware replacement per technology plan) \$ 450,000 Student Technology Fee (Wi-Fi access) \$ 650,000 - \$ 1 M Instructional Equip. (State Funds – subject to revision)	\$ 2.2 M	1&3
Student Outreach & Marketing	\$ 60,500	\$ 244,000 (subject to revision for FY 2024)	\$ 304,500	1,3 & 6
Unfunded Liabilities	\$ 0	Unrestricted General Fund (defer consideration)	\$ 0	5
Increase in Fund Balance	\$ 591,000 (3)		\$ 591,000 (projected fund balance as a percentage of total expenditures - 11.3%)	5

2023-2024 Tentative Budget

Operational Recommendations - The following are recommended investments to address compliance and operational imperatives and included in the Tentative 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	\$ 1,100,000 (net changes to 22-23 budget approximately \$ 750 K)		\$ 1,100,000	5
Compensation Study	\$ 25,000		\$ 25,000	5
Educational Master Plan	\$ 100,000		\$ 100,000	5
Environmental Consultant – Ash Landfill	\$ 100,000		\$ 100,000	5

2023-2024 Tentative Budget

Notes to Fund 11 Budget

- (1) The Tentative budget includes replacement positions deemed necessary for continued operations and will be considered by the President’s Cabinet on a case-by-case basis. Classified and Management 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 and operational support.
- (3) The increase in the fund balance is a projection and is dependent on the ending balance for FY 2022-2023 and realized revenues/expenditures for FY 2023-2024.
- (4) Funding that continues the progress of operationalizing and optimizing selected Ellucian modules (HR, IT, Financial Aid, A&R and Finance/ Budget, Position Control) is included.
- (5) Updated medical benefit costs are not yet available and not included in Tentative Budget.
- (6) Any additional expenses necessary to address mitigation measures at the ash landfill are not included.

2023-2024 Tentative Budget

Notes to Fund 12 Budget

- (1) Expenditures and program balances are subject to change based on final closing adjustments.
- (2) Revenue projections do not include increases/decreases in program allocations and will be confirmed with the adoption of the 2023-2024 State Budget.
- (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 will be reflected in the Final Budget.
- (4) An initiative to more proactively align institutional funding sources (e.g., Fund 11 and Fund 12) with institutional planning efforts will be a continuing priority.

2023-2024 Tentative Budget

Next Steps

- Make applicable adjustments per the adopted state budget
- Review and implement any changes as a result of applicable trailer bill
- Confirm Local Property Tax Revenue
- Revenues/Expenditures adjusted as supported by data and applicable governance processes
- Final Budget reviewed by the College Community, the Planning & Budget Committee & President's Cabinet
- Final Budget recommended by the President and considered/adopted by Board of Trustees at their September 14, 2023 meeting
- Report to the college community the funding priorities represented in the Final Budget as approved by the Board of Trustees.

UNRESTRICTED GENERAL FUND (FUND 11)
2023/2024 Tentative Budget, with Comparisons with 2022/2023 Budget
Presented to NVC Board of Trustees 6/15/23

	A		B		C		D		E		F		G	
									Board Approved (4/20/23) Adjusted 12 Mos. Budget FY 2022-2023		Tentative Budget FY 2023-2024		FY23 Budget vs. Tentative FY24 Budget +/- % Change	
Revenues														
1	Federal Income	\$ 25,866	0.1%	\$ 32,315	0.1%	\$ 38,375	0.1%	\$ 25,134	0.1%	\$25,134	0.0%			
2	State Income	2,000,724	4.5%	2,479,653	5.6%	2,995,575	6.6%	2,911,798	6.2%	3,016,914	3.6%			
3	Local Income	-		-		-		-		-	0.0%			
4	Property Taxes	35,296,686	79.1%	36,406,965	82.5%	38,392,628	85.1%	39,816,410	84.8%	42,038,166	5.6%			
5	Other Local Income	3,375,448	7.4%	3,038,387	6.9%	2,326,545	5.2%	2,900,772	6.2%	3,271,891	12.8%			
6	Other Financing Sources	3,921,557	8.8%	2,160,964	4.9%	1,373,830	3.0%	1,293,510	2.8%	-	0.0%			
7	Total Revenues	44,620,281	100%	44,118,284	100%	45,126,953	100%	46,947,624	100%	48,352,105	3.0%			
Expenditures														
8	Salaries	-		-		-		-		-				
9	Faculty Salaries - Permanent	9,917,209		9,789,078		9,944,207		10,458,238		10,629,371	1.6%			
10	Faculty Salaries - Temporary	4,741,488		4,626,979		4,643,382		3,811,537		3,852,000	1.1%			
11	Admin. - Academic Permanent	2,114,361		1,998,809		1,762,771		1,448,139		1,667,298	15.1%			
12	Classified Salaries - Permanent	6,612,755		7,002,010		6,711,656		7,437,314		7,382,791	-0.7%			
13	Classified Salaries - Temporary	603,029		728,414		1,042,681		652,238		664,508	1.9%			
14	Student Employment	176,649		26,246		60,381		85,293		85,293	0.0%			
15	Admin./Confidential - Permanent	3,035,222		3,077,431		2,800,500		2,674,906		3,135,244	17.2%			
16	Total Salaries	27,200,713	60.5%	27,248,967	61.6%	26,965,579	61.0%	26,567,665	57.1%	27,416,505	3.2%			
17	Employee Benefits	-		-		-		-		-				
18	State Teachers Retirement Sys.	2,354,341		2,214,376		2,268,384		2,465,886		2,242,170	-9.1%			
19	Public Employees Retirement Sys.	2,321,848		2,510,826		2,566,295		3,071,024		2,553,453	-16.9%			
20	FICA/OASDI	1,111,806		1,165,881		1,096,964		1,259,102		1,267,214	0.6%			
21	Health and Welfare Benefits	4,002,798		2,943,383		2,643,546		2,858,234		2,794,316	-2.2%			
22	Unemployment Insurance	13,217		13,708		134,420		135,030		13,603	-89.9%			
23	Workers Comp. Insurance	470,323		493,313		476,684		492,858		500,351	1.5%			
24	Other Employee Benefits	17,776		13,740		14,529		15,356		28,117	83.1%			
25	Total Employee Benefits	10,292,109	22.9%	9,355,227	21.1%	9,200,823	20.8%	10,297,490	22.1%	9,399,224	-8.7%			
26	Books and Supplies	-		-		-		-		-				
27	Computer Software/Books	810		1,434		284		928		500	-46.1%			
28	Instructional Supplies/Materials	345,458		192,670		184,801		102,422		102,422	0.0%			
29	Office Supplies	30,596		13,193		16,200		15,851		17,175	8.4%			
30	Other Supplies	373,172		204,191		260,850		311,268		294,763	-5.3%			
31	Total Books and Supplies	750,036	1.7%	411,488	0.9%	462,136	1.0%	430,469	0.9%	414,860	-3.6%			
32	Other Operating Expenses	-		-		-		-		-				
33	Other Professional Services	1,241,105		591,536		577,322		1,077,576		2,150,000	99.5%			
34	Travel/Conference/Prof. Dev.	207,595		91,351		177,035		194,699		222,500	14.3%			
35	Insurance and Utilities	1,843,641		1,727,373		2,289,221		2,401,862		2,582,700	7.5%			
36	Maintenance and Repairs	1,748,714		1,426,791		1,320,324		1,148,151		928,050	-19.2%			
37	Legal, Election and Audit	209,556		298,121		208,717		319,972		272,000	-15.0%			
38	Advertising and Printing	82,322		32,564		60,735		51,526		50,000	-3.0%			
39	Dues and Memberships	108,500		109,826		71,431		94,879		100,000	5.4%			
40	Rentals	330,883		294,214		336,434		340,627		301,200	-11.6%			
41	Other Operating Expenses	311,976		220,036		294,112		324,486		400,000	23.3%			
42	Total Other Operating Supplies	6,084,292	13.5%	4,791,812	10.8%	5,335,332	12.1%	5,953,779	12.8%	7,006,450	17.7%			
43	Capital Outlay	620,412	1.4%	398,988	0.9%	779,828	1.8%	1,510,500	3.2%	1,600,000	5.9%			
44	Other Outgo	-		-		-		-		-				
45	Other Outgo/Interfund Transfers	18,029		832,339		110,067		318,872		150,000	-53.0%			
46	OPFB	-		1,220,373		1,340,190		1,482,277		1,748,470	18.0%			
47	Total Other Outgo	18,029	0.0%	2,052,712	4.6%	1,450,257	3.3%	1,801,149	3.9%	1,898,470	5.4%			
48	Total Expenditures	44,965,591	100%	44,259,194	100%	44,193,956	100%	46,561,052	100%	47,735,509	2.5%			
49	Increase/(Decrease) in Fund Balance	(345,310)		(140,910)		932,997		386,572		616,596				
50	Beginning Fund Balance	3,964,326		3,619,018		3,478,108		4,411,105		4,797,677				
51	Ending Fund Balance	\$ 3,619,016		\$ 3,478,108		\$ 4,411,105		\$ 4,797,677		\$ 5,414,273				
52	Fund Balance Amount as a Percentage of Total Expenditures	8.05%		7.86%		9.98%		10.30%		11.34%				

2023-2024 Tentative Budget

Questions/ Observations