

NAPA VALLEY COLLEGE

FINANCIAL RESOURCES
WHERE THEY COME FROM AND WHERE THEY GO

FLEX DAY PRESENTATION – AUGUST 10, 2023

JIM REEVES – VICE PRESIDENT, ADMINISTRATIVE SERVICES

PRESENTATION OBJECTIVES

- A review of revenue sources for California Community Colleges
- Restricted and Unrestricted Funding
- Resource Utilization – How do we spend the funding we get?
- Who decides how we utilize our resources (Fund II)?
- Looking Ahead - Projecting revenues and expenses for Napa Valley College
- Budget Strings (not a theory)

REVENUE / COMMUNITY SUPPORTED VS STATE SUPPORTED

Community Supported Institutions Source of Revenues

- Property Taxes
- \$100/FTES for EPA
- Enrollment Fees
- Categorical, Grant and Special Program Funds
- Limited Apportionment Funding
- Categorical, Grant & Special Program Funds

State Supported Institutions Source of Revenues

- Funded based on metrics defined in the Student Funded Funding Formula (SCFF)
 - Base Allocation
 - Supplemental Allocation
 - Success Allocation
 - Categorical, Grant & Special Program Funds

RESTRICTED VS UNRESTRICTED FUNDS

HOW CAN THEY BE USED?

- All funds received from taxpayer sources are “public funds”, both Restricted and Unrestricted, and can only be used for a specified purpose.
- Unrestricted general funds (*Fund 11*) can be utilized to address the costs of operating the educational program (salaries, benefits, facilities expenses, IT costs and other associated operating costs).
- Restricted Funds (*Fund 12*) including categorical, grant and special program funds have more narrowly defined objectives with limitations on their use to a particular student population (e.g., Disabled Student Services), to address a particular need (e.g., Scheduled Maint.) or are time constrained.

SOME KEY METRICS – GENERAL FUND UNRESTRICTED **REVENUES** (FUND 11)

2023-2024 Unrestricted General Fund (Tentative Budget)

Budgeted Revenue - \$ 48,352,105

- Federal Income - .1%
- State Income – 6.2 %
- Local Property Taxes – 86.9%
- Other Local Income – 6.7%

SOME KEY METRICS – *RESTRICTED REVENUES* (FUND 12)

Restricted Fund Revenues - Approximately \$ 19 M in 2022-2023 (2023-2024 funding unconfirmed)

- Restricted Funding includes programmatic support for student and institutional initiatives in the following areas (partial list):
 - Student Equity & Achievement
 - Funds to support student Basic Needs
 - California College Promise Program
 - COVID Recovery
 - Disabled Students Programs and Support
 - Emergency Financial Aid Assistance
 - Mental Health Services
 - Physical Plant and Instructional Support
 - Retention & Enrollment Outreach
 - Guided Pathways
 - Information Security Funding

<https://www.napavalley.edu/about/administrative-services/business-finance/documents/nvccdcategoricalprogs2223.pdf>

SOME KEY METRICS – *GENERAL FUND EXPENDITURE BUDGET*

2023-2024 Unrestricted General Fund (Tentative Budget)

Budgeted Expenditures - \$ 47,735,509

- Salaries 57.4%
- Employee Benefits 19.6%
- Books & Supplies 1%
- Other Operating Expenses 14.6%
- Capital Outlay 3.4%
- Other Outgo (OPEB) 3.9%

RESOURCE UTILIZATION – WHO DECIDES HOW WE USE FUNDING?

Unrestricted General Funds (Fund 11)

- Institutional Planning documents provide general guidance in the use of funds (i.e., Educational Master Plan, Facilities Master Plan, Equity Plan, Technology Plan etc.).
- Collective Bargaining Agreements (CBA's) represent commitments for compensation and working conditions to represented groups (faculty and classified staff at NVC).
- As a component of the faculty's role in governance as defined by AB 1725 (10 + 1 Responsibilities), the faculty have a defined role in the development of the “*process for institutional planning & budget development.*”
- The process of budget development engages budget managers and operating areas in the development of the annual budget.
- The District Budget Committee consists of representatives from campus constituency groups who receive recommendations and information through the budget process in preparation for a recommendation to the Superintendent/President.

**NAPA VALLEY COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND (FUND 11)
FOR THE FISCAL YEARS 2022-23 Through 2026-27**

	Final Budget FY 2022-2023	(Footnote A & B)			(Footnote A & B)			(Footnote A & B)			(Footnote A & B)		
			Projected	C.Y. over P.Y.		Projected	C.Y. over P.Y.		Projected	C.Y. over P.Y.		Projected	C.Y. over P.Y.
		Incr	Budget	Dollar	Incr	Budget	Dollar	Incr	Budget	Dollar	Incr	Budget	Dollar
		%	2023-24	Change	%	2024-25	Change	%	2025-26	Change	%	2026-27	Change
Revenues													
Federal Income	\$ 25,134	0.0%	25,134	-	0.0%	25,134	-	0.0%	25,134	-	0.0%	25,134	-
State Income	2,911,798	3.6%	3,016,914	105,116	3.6%	3,126,730	109,816	3.6%	3,240,543	113,813	3.6%	3,357,850	117,308
Local Income			-	-					-				
Property Taxes	39,816,410	5.6%	42,038,166	2,221,756	3.6%	43,568,355	1,530,189	3.6%	45,154,243	1,585,888	3.6%	46,788,827	1,634,584
Other Local Income	2,900,772	2.0%	3,271,891	371,119	2.0%	3,337,329	65,438	2.0%	3,404,076	66,747	2.0%	3,472,157	68,082
Other Financing Sources	1,293,510	0.0%	-	(1,293,510)	0.0%	-	-	0.0%	-	-	0.0%	-	-
Total Revenues	46,947,624		48,352,105	1,404,481		50,057,548	1,705,443		51,823,995	1,766,448		53,643,968	1,819,973
Expenditures													
Salaries													
Faculty Salaries - Permanent	10,458,238	7.0%	11,190,315	732,077	3.6%	11,597,642	407,327	3.6%	12,019,796	422,154	3.6%	12,454,913	435,117
Faculty Salaries - Temporary	3,811,537	+7% / -3%	4,562,086	750,550	3.6%	4,728,146	166,060	3.6%	4,900,251	172,105	3.6%	5,077,640	177,389
Admin. - Academic Permanent	1,823,139	3.5%	1,886,949	63,810	3.6%	1,955,634	68,685	3.6%	2,026,819	71,185	3.6%	2,099,784	72,965
Classified Salaries - Permanent	7,662,314	+3.5% / -5%	7,533,970	(128,344)	3.6%	7,808,207	274,237	3.6%	8,092,425	284,219	3.6%	8,383,753	291,327
Classified Salaries - Temporary	627,238	+0% / -5%	595,876	(31,362)	0.0%	595,876	-	0.0%	595,876	-	0.0%	595,876	-
Student Employment	85,293	0.1%	85,378	85	0.1%	85,464	85	0.1%	85,549	85	0.1%	85,635	86
Admin./Confidential - Permanen	2,724,906	+3.5% / -5%	2,679,264	(45,642)	3.6%	2,776,789	97,525	3.6%	2,877,864	101,075	3.6%	2,981,467	103,603
Total Salaries	27,192,665		28,533,838	1,341,174		29,547,758	1,013,919		30,598,581	1,050,823		31,679,068	1,080,487
Employee Benefits													
State Teachers Retirement Sys.	2,465,886	5.0%	2,589,180	123,294	3.6%	2,682,391	93,210	3.6%	2,778,957	96,566	3.6%	2,878,999	100,042
Public Employees Retirement Sys	3,121,024	-1%	3,095,476	(25,548)	5.7%	3,272,352	176,876	4.0%	3,401,970	129,618	3.6%	3,524,441	122,471
FICA/OASDI	1,259,102	4.7%	1,318,283	59,181	3.4%	1,363,520	45,236	3.4%	1,410,346	46,826	3.4%	1,458,449	48,103
Health and Welfare Benefits	2,983,234	3.9%	3,099,580	116,346	3.9%	3,220,464	120,884	3.9%	3,346,062	125,598	3.9%	3,476,558	130,496
Unemployment Insurance	135,030	-56.0%	59,413	(75,617)	3.4%	61,452	2,039	3.4%	63,562	2,110	3.4%	65,730	2,168
Workers Comp. Insurance	492,858	4.7%	516,024	23,166	3.4%	533,731	17,707	3.4%	552,060	18,330	3.4%	570,890	18,829
Other Employee Benefits	15,356	4.7%	16,078	722	3.4%	16,629	552	3.4%	17,201	571	3.4%	17,787	587
Total Employee Benefits	10,472,490		10,694,034	221,544		11,150,539	456,504		11,570,158	419,620		11,992,855	422,697
Books and Supplies													
Computer Software/Books	928	2.0%	946	19	2.0%	965	19	2.0%	985	19	2.0%	1,004	20
Instructional Supplies/Materials	202,422	2.0%	206,470	4,048	2.0%	210,600	4,129	2.0%	214,812	4,212	2.0%	219,108	4,296
Office Supplies	15,851	2.0%	16,168	317	2.0%	16,492	323	2.0%	16,821	330	2.0%	17,158	336

Other Operating Expenses													
Other Professional Services	627,576	2.0%	640,128	12,552	2.0%	652,930	12,803	2.0%	665,989	13,059	2.0%	679,309	13,320
Travel/Conference/Prof. Dev.	144,699	2.0%	147,593	2,894	2.0%	150,545	2,952	2.0%	153,556	3,011	2.0%	156,627	3,071
Insurance and Utilities	2,121,862	2.0%	2,164,299	42,437	2.0%	2,207,585	43,286	2.0%	2,251,737	44,152	2.0%	2,296,772	45,035
Maintenance and Repairs	1,648,151	2.0%	1,681,114	32,963	2.0%	1,714,736	33,622	2.0%	1,749,031	34,295	2.0%	1,784,012	34,981
Legal, Election and Audit	259,972	2.0%	265,172	5,199	2.0%	270,475	5,303	2.0%	275,885	5,410	2.0%	281,402	5,518
Advertising and Printing	41,526	2.0%	42,357	831	2.0%	43,204	847	2.0%	44,068	864	2.0%	44,949	881
Dues and Memberships	97,879	2.0%	99,836	1,958	2.0%	101,833	1,997	2.0%	103,870	2,037	2.0%	105,947	2,077
Rentals	340,627	2.0%	347,439	6,813	2.0%	354,388	6,949	2.0%	361,476	7,088	2.0%	368,705	7,230
Other Operating Expenses	486,486	2.0%	496,216	9,730	2.0%	506,141	9,924	2.0%	516,263	10,123	2.0%	526,589	10,325
Total Other Operating Supplies	5,768,779		5,884,154	115,376		6,001,837	117,683		6,121,874	120,037		6,244,311	122,437
Capital Outlay	855,500	2.0%	872,610	17,110	2.0%	890,063	17,452	2.0%	907,864	907,864	2.0%	926,021	18,157
Other Outgo													
Other Outgo/Interfund Transfer	318,872	0.0%	318,872	-	0.0%	318,872	-	0.0%	318,872	-	2.0%	325,250	6,377
OPEB	1,482,277	3.9%	1,540,085	57,809	3.9%	1,600,149	60,063	3.9%	1,662,555	62,406	3.9%	1,727,394	64,840
Total Other Outgo	1,801,149		1,858,958	57,809		1,919,021	60,063		1,981,427	62,406		2,052,644	71,217
Total Expenditures	46,561,053		48,323,473	1,762,422		49,998,693	1,675,220		51,679,169	2,570,539		53,404,150	1,724,981
Increase/(Decrease) in Fund Balance	386,571		28,632			58,854			144,826			239,818	
Beginning Fund Balance	4,411,105		4,797,676			4,826,308			4,885,162			5,029,988	
Ending Fund Balance	\$ 4,797,676		\$ 4,826,308			\$ 4,885,162			\$ 5,029,988			\$ 5,269,806	
Fund Balance Amount as a Percentage of Total	10.30%		9.99%			9.77%			9.73%			9.87%	

A) **Revenues:** 1) The Tax Revenue Projection for 2023-24 assumes an increase based on the average increase of the previous two years. 2) All other increases in State Revenue and Taxes (after 2023-24) are increased by the projected COLA per the School Services Dartboard. 3) Other Local Revenue (starting in 2023-24) includes revenue from the UVC Lease, and reclassification of the annual DAS contribution (as "Other Financing Resources" are interpreted by ACCJC and FCMAT as one-time sources). As the majority of "Other Local Revenues" is comprised of enrollment fees and non-resident tuition fees, an annual 2% increase is applied for anticipated growth.

B) **Expenditures:** 1) For 2023-24, the projected budget assumes a 7% Increase in Faculty Salaries which matches the amount receivable under contract when there's a 5.58% increase in Taxes. 2) For the years after 2023-24, the increase in Faculty Salaries assumes an increase commensurate with the increase in tax revenue (Note: any actual increase in salaries and benefits ... after 2023-24 ... will depend upon a new Collective Bargaining Agreement). 3) The change in Faculty Salaries - Temporary assumes the same changes as the Faculty Salaries, with the exception of 2023-24, which assumes an additional reduction in the course schedule. 4) Increases in Classified Salaries are per contract in 2023-24, and afterwards, the increase assumes an increase commensurate with the increase in tax revenue (Note: any actual increase in salaries and benefits ... after 2023-24 ... will depend upon a new Collective Bargaining Agreement) 5) The increase in Administrative/Confidential Salaries matches the increases to Classified. 6) Both the Administrative/Confidential and Classified Salaries assume a 5% attrition reduction in staffing over the previous year. 7) The increase reflects the salary increases, with the attrition reduction at least 10.1% on the School Services Dartboard. 8) The increase in OPEB reflects the projected rate of increase from 26.1% to 27.8% (from 2022-23).

OTHER FUNDING SOURCES

RESOURCE MANAGEMENT STRATEGIES

- The role of the District Enterprise and Auxiliary Services Office (DAS) - 501 (c) 3
- The role of the Napa Valley College Foundation - 501 (c) 3
- Enhanced Revenues – Student Housing, Non-Resident enrollments, Community Ed.
- Cost Controls – Continued vigilance regarding appropriate use of funds, accounting classification verification etc.
- Budget and Expenditure Review – A “zero based budget” approach.

BUDGET CODE STRING

<u>FC</u>	<u>ACTIVITY</u>	<u>PROGRAM</u>	<u>OBJECT NO.</u>	<u>BUDGET CENTER/LOCATION</u>
XX	XXXXXX	XXXX	XXXXX	XXXX
(2-digit)	(6-digit)	(4-digit)	(5-digit)	(4-digit)
(A)	(B)	(C)	(D)	(E)

SAMPLE

11	655000	9999	55672	330(3)
Unrestricted	Grounds Maint.	General	Upkeep of	Facilities Planning
General Fund	& Repairs	Unrestricted	Grounds	& Services (UVC)

BUDGET CODE STRING - DEFINITIONS

- (A) FC – FUND A two-character code used to differentiate between the District’s accounting funds.
- (B) ACTIVITY A six-character code representing the instructional activities defined in the Chancellor’s Office Taxonomy of Program (TOP). It also designates the administrative and support activities of the District. This field is used for the required state level reporting by activity and object set forth on form CCFS311.
- (C) PG – PROGRAM A four-character code used to identify different special programs/projects in order to meet state, federal, and internal reporting requirements. It also designates the funding source of the programs.
- (D) OBJECT OF EXPENDITURE A five-character code representing the general ledger class and the object of expenditure (revenue, assets, liability, and fund equity categories) prescribed by the Budget and Accounting Manual for California Community Colleges. The first character identifies the General Ledger class; the next two characters conform to state codes; and the last two characters provide additional detail for internal use.
- (E) BUDGET CENTER A four-character code representing the various organizational units of the District. The first character represents the major division of organizational units; the next two characters identify the cost centers within each major division and the fourth character identifies the location associated with each budget center.



QUESTIONS

