

Napa Valley Community College District
Budget Guidance Memorandum
For the Development of the 2025–2026 Budget

Introduction

This memorandum is provided as guidance for the 2025-2026 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 2025-2026 academic year.

Budget Center Managers for Categorical, Grant, and Special Program Funding, please refer to the Restricted Funds Budget Guidelines (page 6).

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

- Napa Valley College Educational Master Plan
- Budget Development Values & Assumptions-general guidance regarding budget development
- Budget Guidance Memorandum
- Resource Allocation Request Matrix
- Budget Planning Process Timeline

Additionally, the Planning & Budget Development Presentation at an open campus forum held on January 28, 2025 and the Quarterly Budget Center Managers Meeting on January 29, 2025.

Budget Requests will be collected for:

- Strategic Initiatives
- Operational Optimization Requests
- Personnel Requests
- Operational Continuance, Technology and Facilities Requests-shared template

Current Conditions

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

- The approval by the Board of Trustees of a balanced budget for 2024-2025.
- An incremental increase in reserves for 2023-2024 with a projected increase in reserves for 2024-2025.
- The adoption of two SERP’s by the Board of Trustees for 36 employees resulting in reduced budget demand beginning in the 2021-2022 fiscal year and 2022-2023 fiscal year, respectively.
- An ongoing review by President’s Cabinet of the requested personnel actions has supported an enhanced effort to manage position control at the College.

Meeting the 50% Law Threshold

The College continues to work to meet the 50% law threshold reported for the 2023-2024 fiscal year at 44.57%. The College has retained the services of Cambridge West, a consulting group, with an experienced former community college finance officer, to assist with the assessment of personnel assignment and accounting practices that impact 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 to ensure that the College is operating within its means included 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, compliance requirements, and efficiency initiatives.
- The prospect of additional revenue projected with the positive fiscal performance of the student housing project.
- The prospect of additional revenue realized because of a net increase in non-resident student enrollments due to the availability of student housing.

Available Funding Earmark

While the college's financial condition has improved in recent years, revenue and expense projections suggest that discretionary funds available for allocation in the 2025-2026 budget, after bargained-for salary increases and inflation adjustments for ongoing expenses have been incorporated, funding will be limited.

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, this amount is subject to change as updated revenue and expense information becomes available.

Context for Budget Planning

Educational Master Plan Goals

The alignment of resource allocation with the stated goals of the institution is a primary goal of NVC's budget development process. Additional information about planning is available on the website. The following goals from the Educational Master Plan provide guidance for budget managers when considering unit plans and budget requests:

- Enrollment Stabilization
- Equitable Student Outcomes
- Program Alignment with Regional Labor Market
- Infrastructure Improvements and Fiscal Sustainability
- Culture and Climate

These are the Budget Priorities for 2025-2026.

Revenue

The Governor’s budget proposal will be available in January 2025. Additional information about any impacts on state resources available to the college will be available initially in January, with updates through the May revised budget.

As local property taxes constitute more than 85% of revenues, initial budget projections will initially utilize a two-year trailing average of property tax revenues. Initial projections from other revenue sources at the time of this writing are projected to be flat.

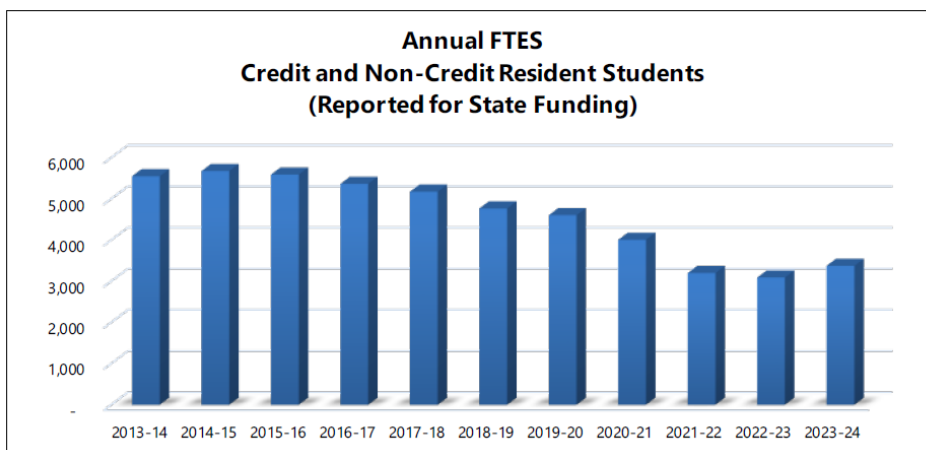
Expenses

The following include the significant budget planning implications for the 2025 – 2026 budget.

- Collective bargaining agreements for faculty and classified staff have not been confirmed at the time of this writing and will be a necessary consideration in our planning.
- Employee benefits, including the costs for employee medical coverage, are projected to increase by an amount in excess of 9%.
- The mitigation measures associated with the final closure plan for the Ash Landfill will require additional funding.
- Anticipated costs for energy resources (electricity, natural gas, water & sewer) are expected to increase.
- Any remaining costs associated with the development of a Facilities Master Plan for the campus.

Enrollments

Enrollments at Napa Valley College have been in decline 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 introduction of student housing on campus is expected to enhance 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 (3,400 FTES). Projected FTES for 2024-2025 and 2025-2026 is 3,200 FTES.



* [FY2023-2024 District Audit](#)

Budget Development Process & Procedure

Along with the Planning Committee, the Budget Committee has amended the process for 2025-2026. Among those changes are modifications to requests for strategic Initiatives and changes to requests for Operational Continuance funding.

Budget Tools:

Detailed budget and expenditure information is available to Budget Center Managers through the Self-Service portal. These tools are active for all Budget Center Managers. Training in the use of these tools is noted in the Budget Development Process Timeline 2025 - 2026.

Requesting Funding for Strategic Initiatives:

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.*** Strategic Initiatives are to be submitted to the Planning Committee no later than December 13. For more information regarding Strategic Initiatives can be found on the *Planning & Budget Development* website.

Requesting Resource Funding to Advance Organizational Optimization Proposals:

These are initiatives that improve the optimization of college systems and operations consistent with NVC's efficiency themes present in the Educational Master Plan and the Goals of the Board of Trustees.

Submitted proposals should consider NVC's goal in closing equity gaps as an underlying principle.

Examples of Organizational Optimization Proposals can include proposals for specific new software applications, process development and refinement, changes in staffing that improves program effectiveness/efficiency, or the purchase of new equipment and/or contracting for new services that improve efficiency.

Proposals should include but are not limited to the following:

- Proposals for new computer hardware and software, the engagement of outside experts, equipment, personnel, and the realignment of personnel to achieve improved operational outcomes.
- Proposals that improve the delivery of college operations and services to students and employees more quickly and/or more accurately.
- Proposals that enhance the learning and working conditions for students and employees.
- Proposals that reduce cost.
- Proposals that combine and/ or realign personnel to achieve improved outcomes.

A template of the form is available on the Planning & Budget Development website and Budget Center Managers will be responsible for submitting it by the deadline to the applicable Teams Folder. Budget Center Managers will receive an invitation to the Teams folder the week of January 27, 2025 and need to submit to the **Teams submission folder no later than March 3, 2025**

Requesting Additional or Replacement Personnel (Non-faculty positions):

In support of a continuing need to carefully monitor staffing costs, the College will pilot a position request process for both replacement positions (positions that have recently become vacant) and new positions. Note: these personnel requests are for hiring approval and funding for positions on or after July 1, 2025.

The process for 2025-2026 personnel proposals will be using a modified version of HR's position request form. A template of the form is available on the Planning & Budget Development website. Budget Center Managers will need the form completed and signed by their applicable VP or the President (for the President's Area) and submitted **by March 3, 2025** to be considered.

Information regarding the consideration, approval and recruitment of faculty positions is available in the office of the Vice President for Academic Affairs.

Requests for Additional Operational Continuance Funding:

Operational Continuance is defined as ***additional resources required to maintain the current level of service***. Budget Center Managers need to **submit requests no later than March 3, 2025**.

NOTE: Operational Continuance Requests submitted in previous years do not rollover and must be resubmitted as part of the Unit Plan utilizing the Operational Continuance Worksheet.

Submissions can include increases to required training budgets, supplies & materials, replace low valued equipment, and increases to existing software license agreements and maintenance contracts. For the 2025-2026 budget cycle, a custom Operational Continuance excel workbook will be given to each Budget Center Manager through Microsoft Teams. The workbook will contain information specific to a budget center, Managers will be submitting the requests for their areas on a master workbook. The workbook will be shared via a shared folder in Microsoft Teams.

The Tentative Budget will be posted into Colleague (NVC's ERP) after the BOT approval in June. When posted, the budget adjustment feature will be available for the following:

- Managers will see an applied increase (up to \$1,000) to their existing Fund 11 operating expense budgets. This budget increase is intended to reflect funding for price increases to existing operating costs and for smaller additional spending needs.
- Budget Managers can then review their Tentative Budgets and use the Budget Adjustment tool to redistribute budgets to more accurately reflect planned expenses for 2025-2026.
- Operational Continuance Budget Augmentations (approved for Tentative Budget funding) will also be reflected and visible in Self-Service.

Master template workbooks (used for submitting) will be distributed to Budget Center Mangers the week of January 27, 2025 through Microsoft Teams.

For Managers needing assistance, contact the District's Budget Analyst, Duong Tran prior to March 3rd, 2025.

Budget requests also submitted within the Operational Continuance Workbook:

Facilities Related Requests

Requests for Facilities Projects are to be submitted utilizing the Operational Continuance Request form with the correct request type.

Routine repair requests should continue to be submitted to the Facilities Services area through the School Dude app on the Facilities/Risk Management website.

Technology Related Requests - Hardware

The Total Cost of Ownership and IT Equipment Refresh replacement document (available on P&B webpage by February 1st) provides information about recommended computer and A/V replacement schedules. A budget recommendation from the District Technology Committee for 2025-2026 budget consideration is intended to address the replacement of this equipment.

Technology Related Requests-Contracts for Application, Support, and Maintenance:

To review funding needs, budget center managers need to review the contracted cost structure, expiration date of contract, and other contracted terms.

This includes contracts for software subscriptions/licenses, software maintenance, software support including advising agreements). This includes month-to-month, 1-year, and multi-year contracts. See Appendix A for additional guidance.

Requests for Required Training included in Operational Continuance

The costs related to training staff to maintain compliance with statutory and regulatory requirements are to be reflected in the appropriate Budget Center.

Guidance related to Categorical, Grant, and Special Program Funding:

The use of restricted funds including categorical, Grant and Special Program (SPP) funding, in aggregate, is approximately \$14 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. To advance this objective, a Resource Task Force has been included in the budget process timeline. The task force will consider all sources of revenue (e.g., grants, categorical, and lottery), that may be available to address appropriate and necessary funding needs across the college.

Budget Managers with responsibility for restricted funds should consider the range of appropriate uses of available funds to meet student outcome objectives. In this vein, budget center managers are encouraged to consider the following:

- Consult [NVCCD Categorical Programs](#) listing of restricted funds, and the [Compendium of Allocations and Resources](#) issued by the Chancellor’s Office to determine if funding is available to meet needs identified in your budget area. Also available on the Business & Finance Office website under [District’s Financial Resources](#).
- Contact the respective NVC restricted fund managers to discuss the merits of including funds in your program area. Include this request and funding source in your Unit Plan.
- Funding possibilities will be considered by the Resource Allocation Committee with recommendations forwarded to the Planning Committee, Budget Committee, and President’s Cabinet.

APPENDIX A -Technology Related Requests-Considerations for Software related budgets:

To review funding needs, Budget Centers need to have contract agreements or quotes on hand. Review the contracted cost structure, expiration date of contract, and other contracted terms. This includes contracts for software subscriptions/licenses, software maintenance, software support including advising contracts). This guidance includes monthly, 1-year, and multi-year contracts.

Costs within 7/1/25-7/1/26, Fiscal Year FY26, Scenarios	Fund 11 Operating Budgets - \$1k Increase to Budgets	Technology Request (Operational Continuance Workbook)	Operational Continuance (Operational Continuance Workbook)
<p>Software Contracts-Existing, <u>Not</u> Expiring in FY26</p> <p>That are Fund 11 &/or Fund 12 Funded-Contracts with cost increase in FY26</p> <p>Includes: Software Contracts Software Maintenance Contracts Software Support Contracts Software Advising Contracts</p>	<p>For items already Funded in Fund 11:</p> <p>Consider the \$1k funding already incorporated into FY26 Fund 11 budgets.</p> <p>Contract cost increase that is less than \$1k, the \$1k operating budget increase will cover this.</p> <p>No need to request additional funding.</p>	<p>n/a for existing contracts.</p> <p>See columns on left/right.</p>	<p>Contract Cost Increase in FY26, Request Augment:</p> <p>(If FY26 cost increase exists & the increase is not sufficiently covered by the \$1k Fund 11 increase.)</p> <p>In requests, reference value of the increase over the prior year cost.</p>
<p>Software Contracts-Existing, Expiring in FY26</p> <p>Fund 11 &/or Fund 12 Funding-Requesting Extension of Funding.</p> <p>Includes: Software Contracts Software Maintenance Contracts Software Support Contracts Software Advising Contracts</p>	<p>n</p>	<p>To enter into a renewal of contract agreement or extend an existing contract that is expiring in FY26.</p> <p>Both scenarios need review to receive funding consideration to extend/renew contract.</p> <p>In request, provide cost to extend or cost for new contract. Include FY26 cost and information on the total future contract cost.</p>	<p>n/a</p>

<p>Software Contracts- New. Requesting review for new District Contract.</p> <p>Requesting consideration and Fund 11 &/or Fund 12 Funding</p> <p>Includes: Software Contracts Software Maintenance Contracts Software Support Contracts Software Advising Contracts</p>	<p>n/a</p>	<p>Software needs for Strategic Initiative or Operational Optimization Proposals are submitted through those processes.</p> <p>Requests for District to enter into new (1-yr & multi-yr) contracts to maintain existing operations.</p> <p>Includes request to replace existing software with a new vendor, new type of software, replacing software support with new provider.</p> <p>In request, provide anticipated FY26 cost and total contract cost (full contract cost).</p>	<p>n/a</p>
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