



June 25, 2025

2025-26 TENTATIVE BUDGET



TABLE OF CONTENTS

03

District's Mission

04

Vice President's Message

05

California's Budget Proposal

06

May Revision

08

2025-26 Proposition 98 Minimum Guarantee

11

2025-26 Tentative Budget

13

General Fund – Unrestricted

16

General Fund – Restricted

18

Auxiliary Funds

24

Final Remarks



OUR MISSION

“To foster excellence in education that challenges students of every background to develop their intellect, character, and abilities; to assist students in achieving their educational and career goals; and to be responsive to the greater community.”



VICE PRESIDENT'S MESSAGE

One of the most important and significant responsibilities of the Imperial Valley College ("IVC") administration is to prepare the "Tentative Budget" for the upcoming fiscal year. The tentative budget is nothing more than the best projection of revenues and expenditures based on the Governor's "May Revision" to project the District's enrollment, operating expenses, and fund balances.

This document is very dynamic and subject to modifications as economic conditions throughout the State of California, the United States, and the world can change. It is intended to be used by the community, students, and employees of Imperial Valley College for planning purposes. The narrative in this report will focus on the opportunities and challenges that we face in the upcoming 2025-26 fiscal year.



The enclosed budget report will present each individual fund by entity and fund number, but it will change for the "Adopted Budget" due on or before September 15th of each year. By then, the District will have closed the books for the prior fiscal year and will have a final State Budget plan with updated financial projections.

The intent of the Administrative Services team is to provide the most recent information in the Tentative Budget book with charts and information relevant for making informed and educated decisions. The Administrative Services team will also adhere to participatory governance by presenting the tentative budget to the Fiscal and Facilities Committee, Academic Senate, Integrated Consultation Council, and President's Cabinet before it is adopted by the Board of Trustees on June 25, 2025.

The tentative budget is prepared and presented by the Administrative Services team using concepts and principles contained in Governmental Accounting and Financial Reporting guidelines mandated by the State Chancellor's Office. This structure allows the District to establish any number of funds for internal reporting, but it also requires all accounts to be consolidated for external financial reporting purposes. Fund accounting is used as an internal control mechanism to separate financial resources and ensure they are used for their intended purposes. The fund is the basic recording entity for reporting specified assets, liabilities, and related transactional movements of its resources.

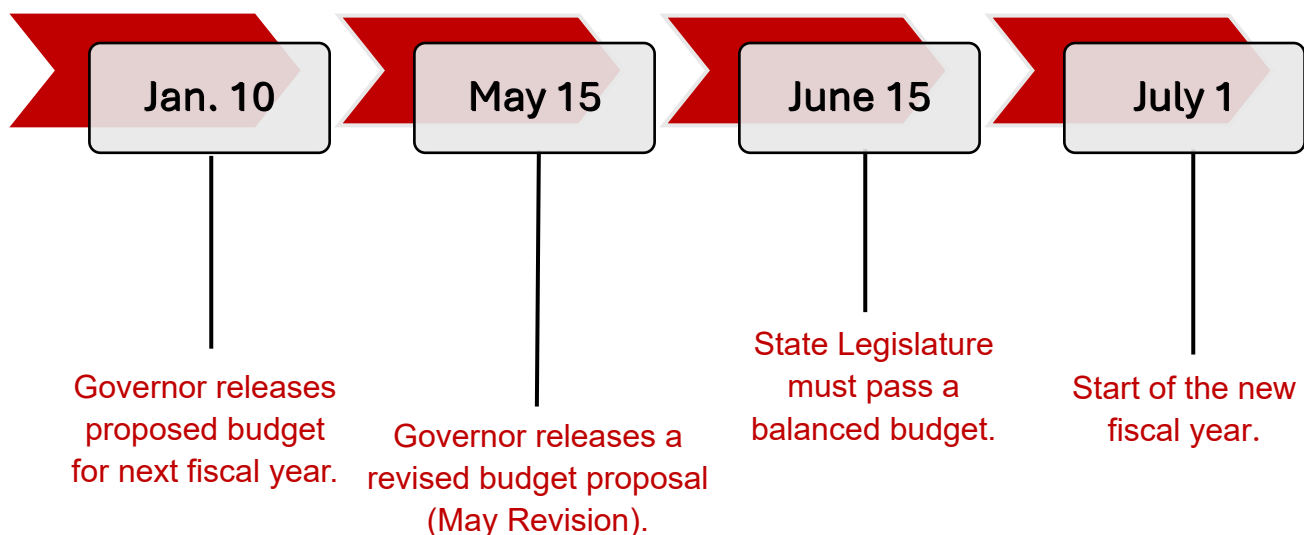
Cesar L. Vega

Vice President of Administrative Services



CALIFORNIA'S BUDGET PROCESS

The budget process for California is not the development of the Governor's Budget, the Legislature's enactment of a budget nor the executive branch's administration of the budget, rather, it is the combination of all these phases with all the ramifications and influences of political interactions, relationships with federal and local governments, public input, natural events, legal issues, the economy, initiatives, legislation, and more.



January 10 – The State Constitution requires the Governor to submit a proposed new budget for the upcoming fiscal year to the Legislature. The budget is presented at a formal press conference followed by a formal presentation highlighting the Governor's policies and priorities.

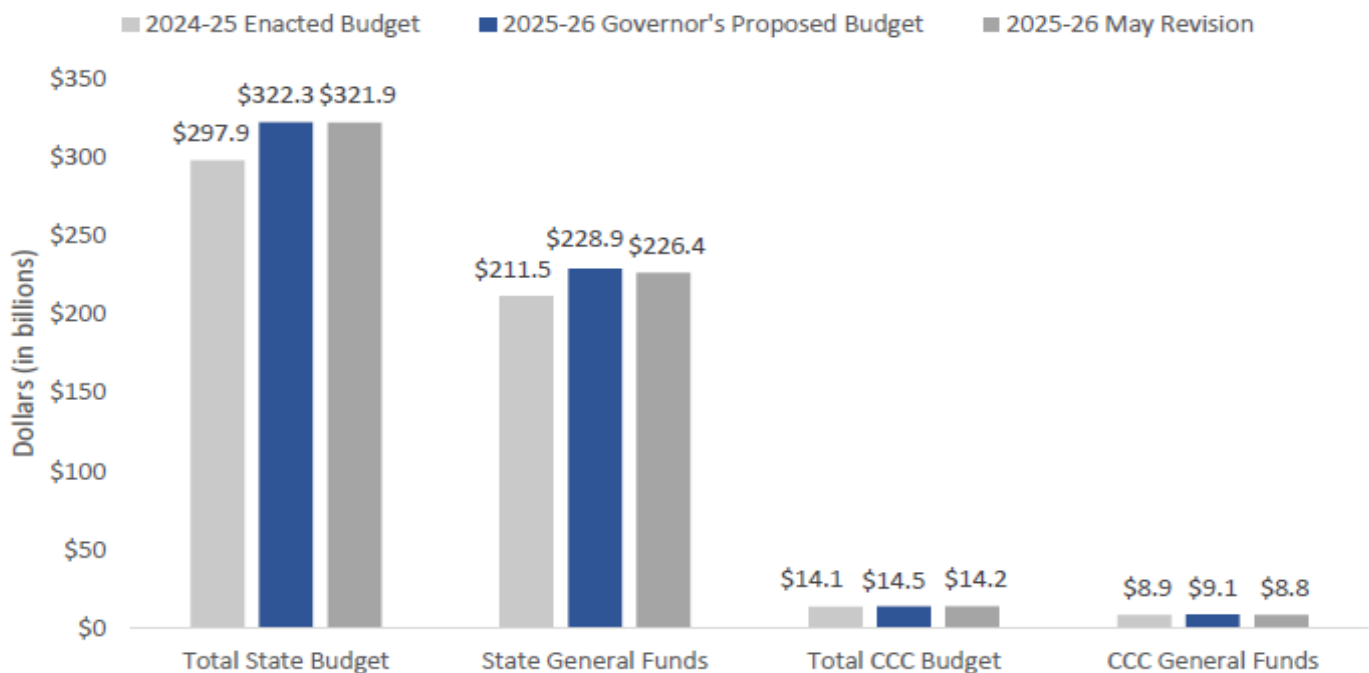
May 15 – The Governor proposes changes to the proposed budget in January based on the latest economic forecasts. The financial information and list of key assumptions provided at this point is used by K-14 agencies to finalize a "Tentative Budget" for the upcoming fiscal year.

June 15 – The state's Legislature must pass and submit a balanced state budget plan for the Governor to review and approve. The Governor has 15 days to review and approve or make modifications.

July 1 – This is the start of a new fiscal year. At this point, the Governor and the Legislature must agree and pass a new state budget.

MAY REVISION

The Governor, on May 14, 2025, released his latest state budget proposal for fiscal year 2025-26 as well as projections for subsequent fiscal years. Governor Newsom, while hoping to have a roughly balanced budget in his January proposal, continues to face reduced revenue expectations, in which he contributes to stock market volatility, elevated tariffs, strict immigration policies and cuts to the federal workforce. The result – a projected budget deficit of an estimated **\$12 billion**. The overall state budget would be slightly lower than what was proposed in January, but still higher than the 2024-25 enacted budget, with an estimated increase of **\$321.9 billion**, or 8%, of which **\$15 billion** would be an increase to the General Fund.



Graph 1: 2025-26 State Budget as of the May Revision compared to the 2024-25 enacted budget and the Governor's January Proposed Budget

The Governor's May Revision projects a "growth recession" due to a slowdown in the growth of gross domestic product (GDP) and jobs, as well as a higher unemployment rate for most of the 2025-26 fiscal year. As of the May revise, the state's economy has remained stagnant with no job growth in 2025 to date.

Governor Newsom plans to address the budget shortfall through a combination of reductions, borrowing, funding shifts, and the suspension of certain expenditures unless sufficient revenues are received. These plans include the following:



- Deferrals of **\$531.6 million** in the Student-Centered Funding Formula (SCFF) funding from 2025-26 to 2026-27
- A **\$59 million** reduction to the Proposition 98 rainy-day fund to support current-year (2024-25) SCFF costs
- Reductions in one-time initiatives
 - **ERP Project** (Enterprise Resource Planning): Eliminated. Savings of **\$168 million**.
 - **Common Cloud Data Platform**: 93% reduction from \$162.5 million to **\$12 million**.
 - **Career Passport**: 50% reduction from \$50 million to **\$25 million**.
 - **Credit for Prior Learning**: 70% reduction from \$50 million to **\$15 million** in one-time funds, and a reduction from \$7 million to **\$5 million, ongoing**.
 - **Rising Scholars Network**: 67% reduction from \$30 million to **\$10 million** ongoing.
- Proposition 98 & Transitional Kindergarten (TK) funding shift:
 - TK expansion funding, which previously followed the statutory 89% K-12 / 11% CCC split, is now fully shifted to TK-12, resulting in approximately a **\$492 million** loss over a three-year period, including **\$233 million** ongoing.

Although the May revise reflects funding reductions and shifts, it strives to maintain support for core community college operations with funding for a Cost-of-Living Adjustment of **2.30%** (increasing base apportionments by **\$217.5 million** and certain categorical programs by **\$27.7 million**), **2.35%** or **\$140 million** for enrollment growth, and a one-time increase to the 2024-25 SCFF of **\$210.2 million**, as well as an increase of **\$104.7 million** from 2025-26 onward.

As an institution, Imperial Valley College is one of 116 community colleges in California experiencing enrollment growth, with the goal to surpass pre-pandemic enrollment levels and reach 10,000 FTES by the year 2030. The increase in enrollment growth funds should allow the college to optimistically grow without the looming impacts of unfunded FTES in our overall Total Computational Revenue (TCR) caused by revenue deficits.

In the TK-12 system, the state has experienced its seventh consecutive year of declining enrollment, but the 2023-24 decline of nearly 15,000 students (or 0.54%) has been the smallest since 2016-17. This is most likely attributed to the increase in enrollment from the TK expansion which offsets the decline in other grade levels. This increase in TK enrollment is one of the reasons for the Proposition 98 funding shift from community colleges to TK.

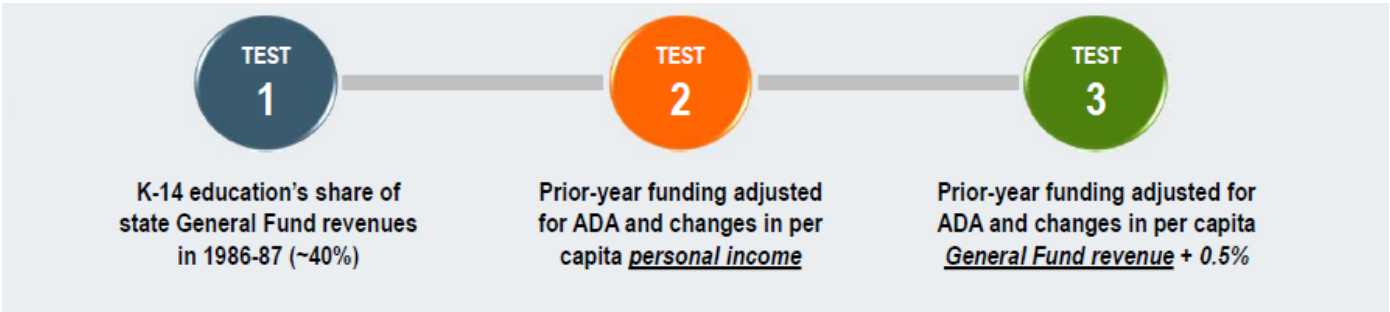
While community colleges receive important boosts in COLA, enrollment growth, and SCFF funding, these gains are offset by large one-time initiative cuts, major deferred funding, and the \$492 million shift to TK. This causes ongoing structural deficits that districts will need to navigate. For these reasons and more, the district needs to be cautious about a spending plan going into the 2025-26 fiscal year. The district also needs to be cautious when it comes to federal education funds and how their uncertainty may have an impact on the Unrestricted General Fund. The district does anticipate changes once Governor Newsom and the Legislature agree on and enact a state budget on or before June 30, 2025. Based on the state budget, the tentative budget will be adjusted, and an updated and final budget will be presented for “adoption” on or before September 15, 2025.



2025-26 PROPOSITION 98

MINIMUM GUARANTEE

Proposition 98 is a constitutional amendment adopted by California voters in 1988 that establishes an annual minimum funding level for K-12, county offices of education, state preschool programs, and community colleges. The Proposition 98 guarantee consists of three “tests” that apply under varying economic conditions. (See table below)



Proposition 98 is funded each year from a combination of state general fund revenue and local property taxes. The bulk of California’s general fund revenues are derived from sales, corporate, and personal income taxes.

In 2014, under Proposition 2, California voters approved another amendment to the state Constitution and established the Public School System Stabilization Account (“PSSSA”) – the Proposition 98 Reserve Account. This time, Constitutional formulas require the state to make deposits into, and withdrawal from, the Proposition 98 reserve. When the state faces budget problems, discretionary withdrawals from the reserve account may also be made if the Governor declares a budget emergency and the Legislature passes a bill to withdraw funds, which can only be used to support K-12 and Community Colleges.

The May Revision estimates that the “Big Three” sources of state revenue that fund Proposition 98 (personal income, corporation, and sales and use taxes) are projected to be \$4.8 billion lower than the Governor’s January Proposed budget. Personal income tax saw an increase in 2023-24 and 2024-25 and a significant decrease in 2025-26 projections. Corporation tax estimates and projections show an increase in 2023-24 and a decrease in 2024-25 and 2025-26. Sales and use tax shows a decrease in each of the three years.



| "Big Three" Revenue Sources (In Millions) | | | | | | |
|---|-------------------|------------------|-------------------|------------------|-------------------|------------------|
| | 2023-24 | | 2024-25 | | 2025-26 | |
| | Governor's Budget | May Revision | Governor's Budget | May Revision | Governor's Budget | May Revision |
| Personal Income Tax | \$113,380 | \$115,166 | \$121,106 | \$125,706 | \$133,815 | \$126,107 |
| Corporation Tax | \$34,318 | \$35,456 | \$43,199 | \$41,296 | \$37,377 | \$35,293 |
| Sales Tax | \$33,342 | \$33,339 | \$34,110 | \$33,706 | \$35,125 | \$34,866 |
| Total | \$181,040 | \$183,961 | \$198,415 | \$200,708 | \$206,317 | \$196,266 |

The minimum guarantee for community colleges decreases under the Governor's May Revision projections across fiscal years 2023-24, 2024-25, and 2025-26 by an estimated \$4.6 billion. The table below shows the Department of Finance's estimates of the minimum guarantee for the current and subsequent budget years as of the May revision. The minimum guarantee for 2025-26 is \$114.6 billion, lower than what was estimated in January due to revenues coming in lower than projected.

Table 1: California Community Colleges Proposition 98 Funding by Source (In Millions)

| Source | 2024-25 Revised | 2025-26 Governor's Budget (GB) | 2025-26 May Revision | Change From GB (Amount) | Change From GB (Percent) |
|---|------------------|--------------------------------|----------------------|-------------------------|--------------------------|
| ALL PROPOSITION 98 PROGRAMS | | | | | |
| General Fund | \$86,620 | \$84,603 | \$80,747 | \$(3,856) | -4.6% |
| Local property tax | 32,317 | 34,321 | 33,821 | \$(500) | -1.5% |
| Totals | \$118,937 | \$118,924 | \$114,568 | \$(4,356) | -3.7% |
| COMMUNITY COLLEGES ONLY ^a | | | | | |
| General Fund | \$9,036 | \$9,041 | \$8,472 | \$(569) | -6.3% |
| Local property tax | 4,232 | 4,538 | 4,438 | \$(100) | -2.2% |
| Totals | \$13,268 | \$13,579 | \$12,910 | \$(669) | -4.9% |

^a CCC totals include resources that go to the K-12 system via the Adult Education, Apprenticeship, and K-12 Strong Workforce programs.

Public School System Stabilization Account (PSSSA)

Governor Newsom proposed making deposits of \$1.2 billion for 2024-25 and \$376 million for 2025-26 into the Public School System Stabilization Account ("PSSSA"), to help support SCFF resources. However, the May revision eliminates these deposits due to the state's reduced revenues. Rather, the Governor proposes to withdrawal \$540 million for 2025-26, leaving no remaining funds in the account at the end of the budget year.



District Funding Floor Effective 2025-26

The 2021 Budget Act extended the hold harmless provisions in the SCFF, which were established to protect districts from the potential loss in revenue when the SCFF was adopted in fiscal year 2018-19. The hold harmless provisions ensured that districts would earn at least their 2017-18 total computational revenue (TCR), adjusted by COLA each year. The 2022 Budget Act extended the revenue protections in a modified form by stating that in 2025-26, districts will be funded at their SCFF TCR calculated in 2024-25 (known as the funding “floor”), or the current year TCR, whichever is greater. The cumulative COLAs were eliminated, so districts can expect to not be funded lower than what they earned in 2024-25, but their hold harmless amount would not grow either.

While the funding floor is intended to provide revenue stability to districts, it is important to note that the district will need to pay close attention to resource allocation and COLA adjustments to salaries and benefits, to ensure spending aligns with the needs of the students and the college.

Black History Month



2025-26 TENTATIVE BUDGET

The General Fund is the chief operating fund for all state agencies. It has existed since the beginning of the State of California as a political entity. It is the principal fund for most Government activities and consists of all the money received that is not required by law to be credited to any other fund.

At Imperial Valley College, the unrestricted general fund supports the basic instructional needs of the institution and supports activities of the district with funding sources that are discretionary in nature. The general fund is typically the largest and most active of the funds. The Administrative Office refers to Fund 11 unrestricted as the “fund of last resort” because it is where most of the district’s discretionary dollars reside, including its reserves, and where IVC’s fiscal solvency is determined.

In addition to being the largest fund the district uses, it is also the most monitored and audited to ensure compliance with state laws, rules, and regulations.

The Tentative Budget has been prepared as prescribed by Title 5 of the California Code of Regulations, Section 58305. Funding for the budget is based upon the latest information available as of the May Revision. Any changes based on the enacted state budget that are signed by the Governor will be included in the 2025-26 final adopted budget.

The Tentative Budget beginning fund balance is estimated to be **\$19,009,202**, or about 23% in reserves. The district’s administrative procedure regarding reserve balances (AP 6305 Reserves), states:

At the end of the budget process, if the current estimated revenue exceeds current estimated expenditures, the surplus amount will be added to contingency reserves.

A Board Reserve fund of at least 16% is recommended to be maintained for contingency. The maximum Board Reserve should be equivalent to three months of operating expenses.

The Tentative Budget has been prepared as an estimate to reflect this reserve amount at the direction and recommendation of the Superintendent/President.

The estimates of the fund balance will be refined after the year-end closing and when estimated actual revenues and expenses can be calculated. The estimated actuals will be presented to the Board of Trustees on or before September 15, 2025.

The total estimated revenues for 2025-26 are **\$78,488,043** and consist of estimated state funds using FTES projections and the projected COLA of 2.30%, as well as local funds consisting of estimated property taxes provided by the Imperial County Auditor/Controller’s Office.

The total estimated expenditures for 2025-26 are **\$70,571,764** of which 84% are employee salaries and related benefits. The estimated salary and benefit expenses include increases from step and column movements on the district’s salary schedules, and any agreed upon salary increases with

CSEA and CCA/CTA/NEA for 2025-26. It also includes the employer contributions for the California Public Employee Retirement System (CalPERS) of 26.81%, the employer contributions for the California State Teachers Retirement System (CalSTRS) employer rate of 19.10%, cost increases associated with Health and Welfare benefits.



2025-26 Tentative Budget Key Assumptions

In accordance with Board Policy 6200 Budget Preparation and Board Policy 6250 Budget Management, the Administrative Office at Imperial Valley College is responsible for creating and adopting the “Tentative Budget” each year by using the most recent and updated financial projections provided by, but not limited to, the Chancellor’s Office Joint Analysis, Legislative Analyst Office, Department of Finance, Association of Chief Business Officials, and School Services of California.

In California, state laws govern most funding for community college districts. From enrollment fees, property taxes, and state funds, the primary mechanism for funding community college districts is through the Student-Centered Funding Formula, or SCFF. The SCFF determines the total funds for districts. There are also allocation funds through categorical programs which have different allocation formulas and restrictions.

| SCFF Rate Factors Analysis | | | | | |
|--|-----------------------|---------|---------------------|---------|---------|
| Factor | | 2024-25 | 2025-26 | 2026-27 | 2027-28 |
| Department of Finance Projected COLA | | 1.07% | 2.30% ¹ | 3.02% | 3.42% |
| Growth Funding | | 0.50% | 0.50% | TBD | TBD |
| SCFF Rate Factors Analysis | | | | | |
| | | 2024-25 | 2025-26 (Estimated) | | |
| Base Credit | | \$5,294 | \$5,416 | | |
| Supplemental Point Value | | \$1,252 | \$1,281 | | |
| Student Success Main Point Value | | \$738 | \$755 | | |
| Student Success Equity Point Value | | \$186 | \$190 | | |
| Incarcerated Credit, CDCP | | \$7,425 | \$7,596 | | |
| Noncredit | | \$4,465 | \$4,568 | | |
| SCFF Rate Factors Analysis | | | | | |
| Factor | | 2024-25 | 2025-26 | 2026-27 | 2027-28 |
| California Consumer Price Index | | 3.07% | 3.42% | 2.98% | 2.77% |
| California Lottery | Unrestricted per FTES | \$191 | \$191 | \$191 | \$191 |
| | Restricted per FTES | \$82 | \$82 | \$82 | \$82 |
| Mandated Block Grant | | \$35.64 | \$36.46 | \$37.56 | \$38.84 |
| CalSTRS Employer Rate ² | | 19.10% | 19.10% | 19.10% | 19.10% |
| CalPERS Employer Rate ² | | 27.05% | 26.81% | 26.90% | 27.80% |
| Unemployment Insurance Rate ³ | | 0.50% | 0.05% | 0.05% | 0.05% |
| Minimum Wage ⁴ | | \$16.50 | \$16.90 | \$17.40 | \$17.80 |

¹Applies to Adult Education, Extended Opportunity Programs and Services, Disabled Students Programs and Services, Apprenticeship, CalWORKs Student Services, Mandate Block Grant, Cooperative Agencies Resources for Education, and the Childcare Tax Bailout.

²California State Teachers’ Retirement System (CalSTRS) and California Public Employees’ Retirement System (CalPERS) rates are subject to change based on determination by the respective governing boards.

³Unemployment rate in 2025-26 is final, and the subsequent years’ rates are subject to actual experience of the pool and will be calculated in accordance with California Unemployment Insurance Code Section 823(b)(2).

⁴Minimum wage increases are effective January 1 of the respective year.



GENERAL FUND 11 – UNRESTRICTED

The 2025-26 Tentative Budget begins with a projected beginning fund balance of **\$19,009,202**. This number is subject to change (plus or minus) depending on 2024-25 year-end closing results. The three-year FTES average as of the tentative budget is 7,485. The next major budget update is at Final Budget adoption in September. By then, these projections may be different.

| Unrestricted | Tentative Budget 2025-2026 |
|---|-------------------------------|
| FTES Reported/Projected | 7485 |
| BEGINNING FUND BALANCE | \$ 19,009,202.00 |
| Prior Year Adjustments | \$ - |
| ADJUSTED BEGINNING FUND BALANCE | \$ 19,009,202.00 |
| REVENUES | |
| State (Apportionment) | \$ 52,919,728.00 |
| Education Protection Act (EPA) | \$ 6,475,633.00 |
| State (All Other) | \$ 3,240,379.00 |
| CalSTRS On-Behalf Payments (GASB 24) | \$ 1,897,030.00 |
| Local (Property Tax Included) | \$ 13,955,245.00 |
| Other Financing Sources | \$ 28.00 |
| TOTAL REVENUES | \$ 78,488,043.00 |
| EXPENDITURES | |
| Academic Salaries | \$ 26,750,414.00 |
| Classified Salaries | \$ 12,882,029.00 |
| Employee Benefits | \$ 20,067,085.00 |
| CalSTRS On-Behalf Payments (GASB 24) | \$ 1,897,030.00 |
| Supplies, Software, Subscriptions | \$ 1,511,206.00 |
| Services and Operations | \$ 6,634,860.00 |
| Capital Outlay | \$ 829,140.00 |
| TOTAL EXPENDITURES | \$ 70,571,764.00 |
| Excess (Deficiency) of Revenues over Expenditures | \$ 7,916,279.00 |
| Other Outgo (Transfers, Reserves) | \$ 8,380,000.00 |
| Net Increase/Decrease in Fund Balance | \$ (463,721.00) |
| ENDING FUND BALANCE | \$ 18,545,481.00 |
| ENDING FUND BALANCE (In Percentage) | 23% |

Using the most up-to-date financial information provided in the May revision, the estimated revenues are **\$78,488,043** and include State and Education Protection Act (EPA) funds calculated from a projected three-year average FTES of 7,485 (based on institution projections to reach 10,000 FTES by 2030) and a projected COLA of 2.30%.

The majority of the local revenues consist of estimated property taxes reported by the Imperial County Auditor/Controller's Office.

The total expenditures projected for 2025-26 are **\$70,571,764** and include estimated salaries and benefits costs from step and column increases, negotiated increases per collective bargaining agreements for 2025-26, increases to STRS and PERS and Health & Welfare (H&W) employer expenses. All other expenses were estimated using the current adopted budget and adjusted for projected contractual changes to services and operations expenses.

Projected transfers total \$8,380,000 and include contributions to the OPEB/Pension trusts, transfers to the building and self-insurance funds, and allocations for contingencies and budget enhancement requests.



Multi-Year Projections – General Fund Unrestricted

A Multi-Year Projection (“MYP”) represents the district’s best financial projections over multiple years, based on known variables subject to change (i.e., Governor’s Budget Workshop in January, May Revision, or State Budget Adoption in June). It is an important tool used to predict the district’s financial health over three years. It is an essential tool for long-term fiscal planning.

| Multi-Year Projections - General Fund Unrestricted | | | | |
|---|-----------|----------------------|----------------------|----------------------|
| Fiscal Year 2025-2026 | | | | |
| Tentative Budget | | | | |
| | | 2025-26 | 2026-27 | 2027-28 |
| FTES Reported / Projected | | 7,485 | 7,565 | 7,580 |
| BEGINNING FUND BALANCE | | \$ 19,009,202 | \$ 18,545,480 | \$ 19,432,107 |
| REVENUES | | | | |
| State Apportionment | 8611 | 52,919,728 | 57,421,825 | 60,376,136 |
| Education Protection Act (EPA) | 8630 | 6,475,633 | 6,475,633 | 6,475,633 |
| Other State Revenues | 8600-8699 | 3,240,379 | 3,260,559 | 3,284,101 |
| CalSTRS On-Behalf | 8600 | 1,897,030 | 1,897,030 | 1,897,030 |
| Other Local Revenues | 8800-8899 | 13,955,245 | 13,955,245 | 13,955,245 |
| Other Financing Sources | 8910-8999 | 28 | - | - |
| Total Revenues | | 78,488,042 | 83,010,292 | 85,988,146 |
| EXPENDITURES | | | | |
| Certificated Salaries | 1000-1999 | 26,750,414 | 27,452,625 | 28,725,142 |
| Classified Salaries | 2000-2999 | 12,882,029 | 13,420,712 | 13,913,258 |
| Employee Benefits | 3000-3999 | 20,067,085 | 20,466,397 | 21,042,661 |
| CalSTRS On-Behalf | 3000 | 1,897,030 | 1,897,030 | 1,897,030 |
| Supplies, Software, Subscriptions | 4000-4999 | 1,511,206 | 1,556,240 | 1,399,529 |
| Services and Operations | 5000-5999 | 6,634,860 | 6,678,030 | 6,678,030 |
| Capital Outlay | 6000-6999 | 829,140 | 772,632 | 772,632 |
| Total Expenditures | | 70,571,764 | 72,243,666 | 74,428,283 |
| Excess/ (Deficiency) of Revenues over Expenditures | | 7,916,278 | 10,766,626 | 11,559,863 |
| Other Outgo, Transfers | 7000-7999 | 8,380,000 | 9,880,000 | 10,880,000 |
| Net Increase/Decrease in Fund Balance | | (463,722) | 886,626 | 679,863 |
| ENDING FUND BALANCE | | \$ 18,545,480 | \$ 19,432,107 | \$ 20,111,970 |
| Ending Fund Balance Percent | | 23% | 24% | 24% |

As a tracking tool, an MYP helps us understand projected ending fund balances over the course of three years (current and two years out). It also gives us an opportunity to project revenues versus expenditures in real time and as economic conditions change, to show the potential impact on the ending fund balance.



An ending fund balance, represents the fiscal solvency of a district, also known as “reserves”. A lower reserve indicates increased financial risk, and a higher reserve indicates financial stability for an institution. Overall, an MYP helps identify if the services and practices in place today will put the district at risk in the future.

The MYP above represents the district’s projected revenues and expenses for 2025-26, 2026-27, and 2027-28. The current outlook shows the district’s revenues increase by about 5% over the next three years, while expenses increase by about 3%. As mentioned previously in this report, the revenue estimates are based on projected COLAs applied to the SCFF rates, and the three-year average of the district’s projected credit FTES. The expenses include increases in salaries and benefits from step and column increases and agreed upon salary increases with CSEA through 2025-26, and CCA/CTA/NEA through 2026-27. The current rate at which revenues are growing compared to expenses will allow the district to maintain an average reserve balance of 24%, which is vital to the district’s ability to remain fiscally solvent during times of economic uncertainty.

Hispanic Heritage Month



GENERAL FUND 12 – RESTRICTED

The Restricted General Fund (Fund 12) is used to account for grants provided by an external source, such as federal, state, and local governments, donors, or other outside agencies. These monies are used for the operation and support of programs, and are specifically restricted by laws, regulations, or the donor that require the monies be used for specific purposes. Unlike unrestricted general fund monies, the goal is to spend all restricted funds within the time frame awarded, and only on the allowable goods or services specified for each grant. The Restricted General Fund is also commonly referred to as the “Categorical Fund”.

| Restricted | Tentative Budget 2025-2026 |
|---|-------------------------------|
| BEGINNING FUND BALANCE | \$ (486,846.00) |
| Prior Year Adjustments | \$ - |
| ADJUSTED BEGINNING FUND BALANCE | \$ (486,846.00) |
| REVENUES | |
| Federal | \$ 4,635,251.00 |
| State | \$ 28,473,170.00 |
| CalSTRS On-Behalf Payments (GASB 24) | \$ 497,060.00 |
| Local | \$ 2,599,769.00 |
| TOTAL REVENUES | \$ 36,205,250.00 |
| EXPENDITURES | |
| Academic Salaries | \$ 8,042,580.00 |
| Classified Salaries | \$ 8,133,221.00 |
| Employee Benefits | \$ 5,437,806.00 |
| CalSTRS On-Behalf Payments (GASB 24) | \$ 497,060.00 |
| Supplies, Software, Subscriptions | \$ 2,884,937.00 |
| Services and Operations | \$ 5,393,030.00 |
| Capital Outlay | \$ 402,856.00 |
| TOTAL EXPENDITURES | \$ 30,791,490.00 |
| Excess (Deficiency) of Revenues over Expenditures | \$ 5,413,760.00 |
| Other Outgo (Student Aid) | \$ 3,632,843.00 |
| Net Increase/Decrease in Fund Balance | \$ 1,780,917.00 |
| ENDING FUND BALANCE | \$ 1,294,071.00 |
| ENDING FUND BALANCE (In Percentage) | 4% |

Some categorical programs allow for funds to be carried over from one fiscal year to the next. In some cases, the revenue is recorded in the year in which it is received, but expenses carry forward into the year in which they will be incurred. Some revenues must be recorded as “Deferred Revenues” (a liability account) that allows for the revenue to be recorded in the next year to offset the expenses. When revenues do not need to be deferred there is no revenue to offset the expense being budgeted, and the fund balance can appear as a deficit (or negative balance). For this reason, it is projected that the beginning fund balance will be **\$(486,846)** for 2025-26. However, like the unrestricted general fund, the estimates of the fund balance will be refined after year-end closing and when estimated actual revenues and expenses can be calculated.

Using the most up-to-date financial information provided in the May revision, the estimated revenues is **\$36,205,250**. Out of the 183 categorical grants currently budgeted, only 4 will receive the projected COLA of 2.30%.



Estimated expenses are **\$30,791,490** and like the unrestricted general fund, include estimated salary and benefit increases, and increases for projected contractual changes to services and operations expenses.

It is worth noting that there are benefits and drawbacks to categorical funds. The benefits being that these program funds offer targeted support to specific student populations and provide increased resources to enhance the overall quality of education for students. The drawbacks being the potential for inefficient resources available to address the needs of the college. When this occurs, these programs can have an impact on unrestricted general fund resources. This is very impactful because the cost of doing business from one fiscal year to the next increases, so programs often face challenges to provide sufficient support to students and the institution with less funds. Ideally, categorically funded programs should strive to operate within the limits of their allocated resources. If categorical programs operate in a deficit, the district may have to use unrestricted general funds to cover these deficits, which in turn reduces its reserve balances.

As mentioned previously, Imperial Valley College has nearly 183 categorical programs and only a small number are tentatively scheduled to receive cost-of-living adjustments. Coupled with the uncertainty of federal program funding reductions or cuts proposed by the current Administration, the district is being cautious with future spending plans, and intentional in resource allocation in the current year to ensure these funds are used to move forward the vision and goals of the institution.

Breast Cancer Awareness Month



AUXILIARY FUNDS

2025-26 Tentative Budget

The primary purpose of fund accounting is to segregate financial information. This is accomplished by accounting for financial transactions related to specific activities or objectives within separate funds.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equity or fund balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions and/or limitations.

Governmental Fund Types

10 General Fund

- 11 Unrestricted
- 12 Restricted

20 Debt Service Funds

- 22 Revenue Bond Interest and Redemption Fund

30 Special Revenue Funds

- 33 Child Development Fund

40 Capital Projects Funds

- 41 Capital Outlay Projects Fund

50 Enterprise Funds

- 51 Bookstore Funds

60 Internal Service Fund

- 61 Self-Insurance Fund
- 69 Other Internal Services Fund

70 Trust Funds

- Fund 71 Associated Students Trust Fund
- Fund 72 Student Representation Fee Trust Fund
- Fund 74 Student Financial Aid Trust Fund

80 Agency Funds

- Fund 81 Student Clubs Agency Fund



| BUILDING FUND - 22 | Tentative Budget 2025-2026 |
|--|-------------------------------|
| BEGINNING FUND BALANCE | \$ 18,851,188.00 |
| Prior Year Adjustments | \$ - |
| ADJUSTED BEGINNING FUND BALANCE | \$ 18,851,188.00 |
| REVENUES | |
| Local | \$ 1,050,000.00 |
| Inter-Fund Transfers In | \$ 5,000,000.00 |
| TOTAL REVENUES | \$ 6,050,000.00 |
| EXPENDITURES | |
| Supplies, Software, Subscriptions | \$ - |
| Services and Operations | \$ 35,000.00 |
| Capital Outlay | \$ 18,816,188.00 |
| TOTAL EXPENDITURES | \$ 18,851,188.00 |
| Excess (Deficiency) of Revenues over Expenditures | \$ (12,801,188.00) |
| Other Outgo | \$ - |
| Net Increase (Decrease) in Fund Balance | \$ (12,801,188.00) |
| ENDING FUND BALANCE | \$ 6,050,000.00 |

| CHILD DEVELOPMENT - 33 | Tentative Budget 2025-2026 |
|--|-------------------------------|
| BEGINNING FUND BALANCE | \$ 805,910.00 |
| Prior Year Adjustments | \$ - |
| ADJUSTED BEGINNING FUND BALANCE | \$ 805,910.00 |
| REVENUES | |
| State | \$ 1,854,076.00 |
| Local | \$ 32,500.00 |
| TOTAL REVENUES | \$ 1,886,576.00 |
| EXPENDITURES | |
| Academic Salaries | \$ 67,969.00 |
| Classified Salaries | \$ 717,958.00 |
| Employee Benefits | \$ 433,451.00 |
| Supplies, Software, Subscriptions | \$ 517,731.00 |
| Services and Operations | \$ 46,420.00 |
| Capital Outlay | \$ 75,500.00 |
| TOTAL EXPENDITURES | \$ 1,859,029.00 |
| Excess (Deficiency) of Revenues over Expenditures | \$ 27,547.00 |
| Other Outgo (Designated Reserves) | \$ 237,817.00 |
| Net Increase (Decrease) in Fund Balance | \$ (210,270.00) |
| ENDING FUND BALANCE | \$ 595,640.00 |

Fund 22 – Building Fund

This fund is used for the district's construction projects. Revenues received for this fund include local redevelopment funds and interest and transfers from the Unrestricted General Fund.

Current projects budgeted in the Building Fund include the Auto-Technology Building, the Gym Modernization, Campus Wayfinding, and Campus Security Cameras

In addition to the above projects, the district budgets miscellaneous funds to cover other smaller construction projects that may occur during the fiscal year.

Fund 33 – Child Development Fund

This fund is designated to account for revenues received and expenses incurred from the operation and maintenance of childcare and child development services and activities. The district provides childcare and preschool services in accordance with the California Department of Health and Human Services and the California Department of Education, where the majority of revenues are received.

While the Child Development Department is a fully functioning childcare center, it also serves an instructional purpose. These activities are accounted for in the Unrestricted General Fund.



| CAPITAL PROJECTS FUND - 41 | Tentative Budget 2025-2026 |
|--|-------------------------------|
| BEGINNING FUND BALANCE | \$ 731,244.00 |
| Prior Year Adjustments | \$ - |
| ADJUSTED BEGINNING FUND BALANCE | \$ 731,244.00 |
| REVENUES | |
| State | \$ - |
| Local | \$ 180,000.00 |
| TOTAL REVENUES | \$ 180,000.00 |
| EXPENDITURES | |
| Services and Operations | \$ - |
| Capital Outlay | \$ - |
| TOTAL EXPENDITURES | \$ - |
| Excess (Deficiency) of Revenues over Expenditures | \$ 180,000.00 |
| Other Outgo | \$ - |
| Net Increase (Decrease) in Fund Balance | \$ 180,000.00 |
| ENDING FUND BALANCE | \$ 911,244.00 |

Fund 41 – Capital Projects Fund

This fund was used to account for the receipt and expenditure of State Funded capital projects, such as the Academic Modernization of the 200, 300, and 800 Buildings, and the Intersegmental Student Housing project with San Diego State University.

The fund is currently not in use but continues to receive local revenues in the form of interest based on the remaining funds after the projects were closed out.

| GENERAL OBLIGATION BOND FUND - 43 | Tentative Budget 2025-2026 |
|--|-------------------------------|
| BEGINNING FUND BALANCE | \$ 107,522,190.00 |
| Prior Year Adjustments | |
| ADJUSTED BEGINNING FUND BALANCE | \$ 107,522,190.00 |
| REVENUES | |
| Other Financing Sources | \$ - |
| State | \$ - |
| Local | \$ 3,850,000.00 |
| TOTAL REVENUES | \$ 3,850,000.00 |
| EXPENDITURES | |
| Services and Operations | \$ - |
| Capital Outlay | \$ 107,522,190.00 |
| TOTAL EXPENDITURES | \$ 107,522,190.00 |
| Excess (Deficiency) of Revenues over Expenditures | \$ (103,672,190.00) |
| Other Outgo | \$ - |
| Net Increase (Decrease) in Fund Balance | \$ (103,672,190.00) |
| ENDING FUND BALANCE | \$ 3,850,000.00 |

Fund 43 – G.O. Bond Fund

This fund is designated to account for the proceeds of bonds under Proposition 39. Monies may only be expended for the purposes authorized by the language of the Proposition 39 Bond voter approved ballot measure.

For the district, this fund contains the proceeds of Measure B passed by voters in November 2022.

The approved projects currently budgeted in this fund include the Public Safety Regional Training Center, M&O Warehouse, Student Services Building, and Industrial Automation Building.



| SELF-INSURANCE FUND - 61 | Tentative Budget 2025-2026 |
|--|-------------------------------|
| BEGINNING FUND BALANCE | \$ 243,028.00 |
| Prior Year Adjustments | \$ - |
| ADJUSTED BEGINNING FUND BALANCE | \$ 243,028.00 |
| REVENUES | |
| Local | \$ 17,500.00 |
| Transfers | \$ 1,000,000.00 |
| TOTAL REVENUES | \$ 1,017,500.00 |
| EXPENDITURES | |
| Services and Operations | \$ 743,028.00 |
| TOTAL EXPENDITURES | \$ 743,028.00 |
| Excess (Deficiency) of Revenues over Expenditures | \$ 274,472.00 |
| Other Outgo | \$ - |
| Net Increase (Decrease) in Fund Balance | \$ 274,472.00 |
| ENDING FUND BALANCE | \$ 517,500.00 |

Fund 61 – Self Insurance Fund

This fund is designated by Ed Code section 81602 to account for income and expenditures of self-insurance programs.

The district uses this fund to pay premiums, claims and settlement fees that are not covered by the district's membership in the Statewide Association of Community Colleges (SWACC), a joint power's association for property/liability, cyber, and worker's compensation insurance.

Transfers made into this fund come from the district's unrestricted general fund. Other revenue includes interest earned from the funds on deposit.

Expenses include estimated premiums from insurance claims.

| OTHER INTERNAL SERVICES - FUND 69 | Tentative Budget 2025-2026 |
|--|-------------------------------|
| BEGINNING FUND BALANCE | \$ 10,000,000.00 |
| Prior Year Adjustments | \$ - |
| ADJUSTED BEGINNING FUND BALANCE | \$ 10,000,000.00 |
| REVENUES | |
| Transfers | \$ - |
| TOTAL REVENUES | \$ - |
| EXPENDITURES | |
| Capital Outlay | \$ - |
| TOTAL EXPENDITURES | \$ - |
| Excess (Deficiency) of Revenues over Expenditures | \$ - |
| Other Outgo | \$ - |
| Net Increase (Decrease) in Fund Balance | \$ - |
| ENDING FUND BALANCE | \$ 10,000,000.00 |

Fund 69 – Other Internal Services Fund

This fund is established by a district's governing board to account for revenues and expenses from other internal services.

The district currently uses this fund for cash-flow purposes. When economic downturns occur, or when the state imposes cash deferrals, this fund is used to cover payroll and other operating expenses, rather than taking a TRAN (Tax Revenue and Anticipation Note) loan, which is a short-term loan used by school districts to bridge temporary cash flow gaps. This in turn saves the district money from repaying borrowed funds plus interest and provides relief on the unrestricted general fund reserves.



| ASG/CAMPUS CLUBS FUND - 71 | Tentative Budget 2025-2026 |
|--|-------------------------------|
| BEGINNING FUND BALANCE | \$ 281,231.00 |
| Prior Year Adjustments | \$ - |
| ADJUSTED BEGINNING FUND BALANCE | \$ 281,231.00 |
| REVENUES | |
| Local | \$ 43,500.00 |
| Transfers | \$ - |
| TOTAL REVENUES | \$ 43,500.00 |
| EXPENDITURES | |
| Supplies, Software, Subscriptions | \$ 75,592.07 |
| Services and Operations | \$ 14,330.00 |
| Capital Outlay | \$ - |
| TOTAL EXPENDITURES | \$ 89,922.07 |
| Excess (Deficiency) of Revenues over Expenditures | \$ (46,422.07) |
| Other Outgo | \$ - |
| Net Increase (Decrease) in Fund Balance | \$ (46,422.07) |
| ENDING FUND BALANCE | \$ 234,808.93 |

Fund 71 – Associated Students Trust Fund

This fund is used to account for monies held in trust by the district for use by organized student body associations.

The district uses this fund to account for the revenues and expenses from ASG as well as numerous campus clubs.

The revenues received are solely local and include donations, contractual payments, and proceeds from events and fundraising activities.

The expenses are for the purpose of promoting campus student life activities, aimed at developing students through cultural, social, and recreational programs.

| STUDENT REPRESENTATIVE FEE FUND - 72 | Tentative Budget 2025-2026 |
|--|-------------------------------|
| BEGINNING FUND BALANCE | \$ 73,923.00 |
| Prior Year Adjustments | \$ - |
| ADJUSTED BEGINNING FUND BALANCE | \$ 73,923.00 |
| REVENUES | |
| Local | \$ 42,000.00 |
| TOTAL REVENUES | \$ 42,000.00 |
| EXPENDITURES | |
| Services and Operations | \$ 42,000.00 |
| TOTAL EXPENDITURES | \$ 42,000.00 |
| Excess (Deficiency) of Revenues over Expenditures | \$ - |
| Other Outgo | \$ - |
| Net Increase (Decrease) in Fund Balance | \$ - |
| ENDING FUND BALANCE | \$ 73,923.00 |

Fund 72 – Student Representation Fee Trust Fund

This fund is used to account for the mandatory collection of the \$2 student representation fee pursuant to Education Code 76060.5, of which \$1 may be retained by the district, while the other \$1 is remitted to the California Community College Chancellor's Office.

The revenue consists of the estimated amount of \$2 fees that will be collected by students in the fiscal year.

The expenses represent the estimated costs to support ASG representatives participating in statewide advocacy of community college matters.



| STUDENT FINANCIAL AID FUND - 74 | Tentative Budget 2025-2026 |
|--|-------------------------------|
| BEGINNING FUND BALANCE | \$ (10,257.00) |
| Prior Year Adjustments | \$ - |
| ADJUSTED BEGINNING FUND BALANCE | \$ (10,257.00) |
| REVENUES | |
| Federal | \$ 28,365,522.00 |
| State | \$ 15,884,724.00 |
| TOTAL REVENUES | \$ 44,250,246.00 |
| EXPENDITURES | |
| | |
| TOTAL EXPENDITURES | \$ - |
| Excess (Deficiency) of Revenues over Expenditures | \$ 44,250,246.00 |
| Other Outgo (Student Financial Aid Expense) | \$ 44,250,246.00 |
| Net Increase (Decrease) in Fund Balance | \$ - |
| ENDING FUND BALANCE | \$ (10,257.00) |

| GENERAL OBLIGATION FUND - 81 | Tentative Budget 2025-2026 |
|--|-------------------------------|
| BEGINNING FUND BALANCE | \$ 30,074,192.00 |
| Prior Year Adjustments | \$ - |
| ADJUSTED BEGINNING FUND BALANCE | \$ 30,074,192.00 |
| REVENUES | |
| Financing Sources | \$ - |
| Local | \$ 1,050,000.00 |
| TOTAL REVENUES | \$ 1,050,000.00 |
| EXPENDITURES | |
| Supplies, Software, Subscriptions | \$ - |
| Services and Subscriptions | \$ - |
| Capital Outlay | \$ 30,074,192.00 |
| TOTAL EXPENDITURES | \$ 30,074,192.00 |
| Excess (Deficiency) of Revenues over Expenditures | \$ (29,024,192.00) |
| Other Outgo | \$ - |
| Net Increase (Decrease) in Fund Balance | \$ (29,024,192.00) |
| ENDING FUND BALANCE | \$ 1,050,000.00 |

Fund 74 – Student Financial Aid Trust Fund

This fund is used to account for the deposit and direct payment of government-funded student financial aid grants.

The revenues include estimated payments from federal resources such as Pell Grant and Supplemental Educational Opportunity Grant (SEOG), as well as state resources including Cal Grant and Student Success and Completion Grant (SSCG).

Funds are generally disbursed in the same year in which they are received, so the district budgets the outgo of these funds to match estimated revenues.

Fund 81 – General Obligation Fund

This fund is designated to account for the proceeds of bonds under Proposition 39. Monies may only be expended for the purposes authorized by the language of the Proposition 39 Bond voter approved ballot measure.

For the district, this fund contains the proceeds of Measure J passed by voters in November 2010.

The revenue reflects estimated interest to be collected on monies on deposit in the fund.

The expenses represent the costs to complete the approved Auto Technology Building project.



FINAL REMARKS

In summary, the 2025-26 Tentative Budget reflects a period of financial caution and strategic planning in light of the ongoing state budget challenges and economic uncertainty. While the Governor's May Revision provides some support through COLA increases and enrollment growth funding, these gains are diminished by significant deferrals, reductions to one-time initiatives, and a funding shift that reduces resources for community colleges.

The mission of the Business Office is "to provide financial stability and solvency to the college by way of effective and efficient fiscal planning, development, allocation, maintenance, and enhancement; to help students achieve their educational goals by overcoming financial barriers to education through the collaboration and management of student financial support programs and services."

In keeping with the core beliefs of this mission and allowing it to be at the forefront of fiscal decisions and planning, the Business Office has confidence that the 2025-26 Tentative Budget and estimated beginning reserve of 23% positions the district well to maintain fiscal solvency for the next several years. However, the district must still remain vigilant in managing both unrestricted and restricted resources, especially given the reliance on a limited number of categorical programs receiving COLA and the potential volatility of federal funding.

Moving forward, the district will continue to align spending with student needs and institutional priorities while monitoring developments at the state level. The Final Budget, due in September, will reflect any legislative changes and provide an updated financial picture. The focus will remain on protecting core programs, preserving financial stability, and ensuring that strategic growth, particularly in enrollment, can continue responsibly.

The Business Office extends a tremendous thank you to the Board of Trustees, Faculty, Staff, Students, and the Community for the continued support and commitment to the fiscal health of Imperial Valley College.

Mental Health Awareness Month

