

2026-27 TENTATIVE BUDGET



June 24, 2026

TABLE OF CONTENTS

- 01 Mission Statements**
- 02 VP's Message**
- 03 CA Budget Process**
- 04 May Revision**
- 06 Prop 98 Minimum Guarantee**
- 08 2026-27 Tentative Budget**
- 10 General Fund (Unrestricted)**
- 12 General Fund (Restricted)**
- 14 Auxiliary Funds**
- 20 Final Remarks**



DISTRICT 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.”

BUSINESS SERVICES MISSION

“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.”

VICE PRESIDENT'S MESSAGE

One of the most significant responsibilities of the Imperial Valley College (“IVC”) administration is the preparation of the Tentative Budget for the upcoming 2026-27 fiscal year. The Tentative Budget represents the District’s best projection of revenues and expenditures, based on the Governor’s May Revision, and reflects anticipated enrollment levels, operating costs, and projected fund balances.

This document is inherently dynamic and subject to modification as economic conditions evolve at the state, national, and global levels. It is intended to serve as a planning resource for the community, students, and employees of Imperial Valley College. The accompanying narrative highlights the key opportunities and challenges anticipated during the 2026-27 fiscal year.

The enclosed budget report presents each individual fund by entity and fund number; however, it will be revised for the Adopted (Final) Budget, which is due on or before September 15 of each year. By that time, the District will have closed the financial records for the prior fiscal year (2025-26) and will have access to a finalized State Budget with updated financial projections.

The Administrative Services team is committed to providing the most current and relevant information including charts and data necessary to support informed and responsible decision-making. In alignment with principles of participatory governance, the Tentative Budget is presented to the Fiscal and Facilities Committee, Academic Senate, Integrated Consultation Council, and President’s Cabinet prior to adoption by the Board of Trustees on June 24, 2026.

The Tentative Budget is prepared and presented by the Administrative Services team in accordance with Governmental Accounting and Financial Reporting standards mandated by the State Chancellor’s Office. This framework permits the establishment of multiple funds for internal reporting purposes, while requiring consolidation of all accounts for external financial reporting. Fund accounting serves as a critical internal control mechanism, ensuring that financial resources are appropriately segregated and utilized for their intended purposes. Each fund functions as the primary reporting entity for specific assets, liabilities, and the related changes in financial position.

The Tentative Budget establishes a fiscally responsible framework that aligns institutional resources with student equity and student success, while prudently addressing California’s evolving economic landscape.

We acknowledge and appreciate the collaborative contributions of faculty, staff, and the various budget committees in the development of this framework. The Administrative Services team remains firmly committed to transparency, shared governance, and student-centered advocacy as the District advances toward finalization of its fiscal plans.



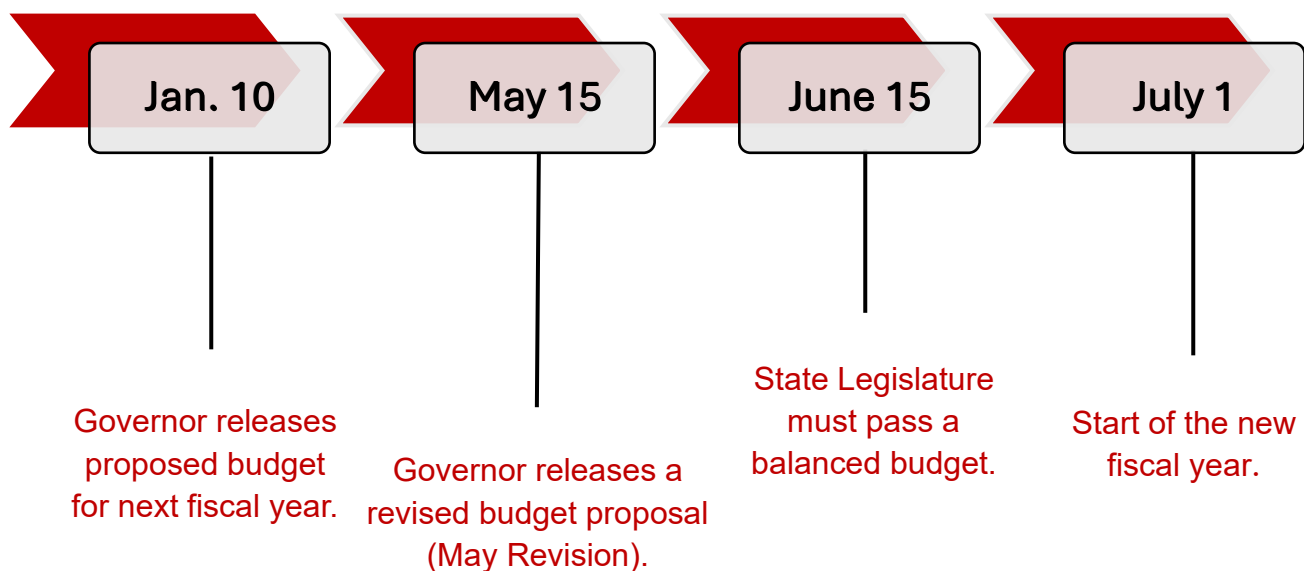
Cesar L. Vega

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.

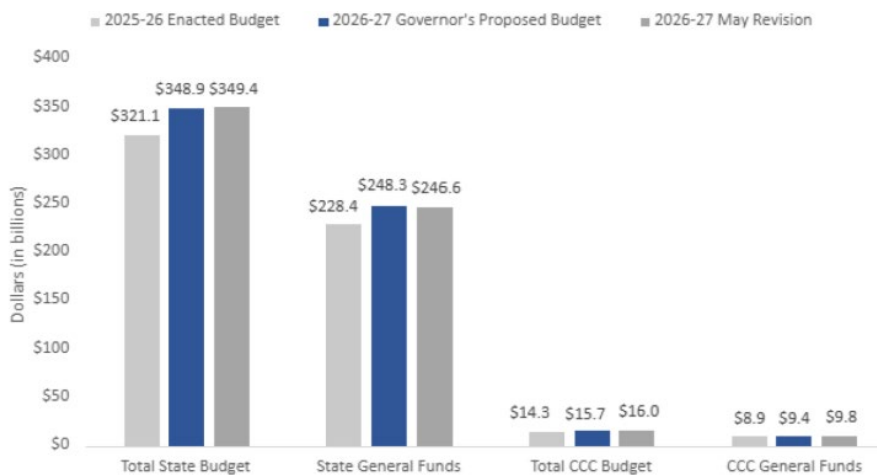
July 1 – This is the start of a new fiscal year. At this point, the Governor and the Legislature must agree and pass a new state budget.



MAY REVISION

On May 14, 2026, Governor Newsom released his latest state budget proposal for fiscal year 2026-27 as well as projections for subsequent fiscal years. Governor Newsom's revised budget proposal is fully balanced and estimates revenues **\$16.5 billion** higher than projected in January over the three-year budget window, driven by personal income tax and boosted by a 2025 spike in capital gains realizations. The proposal is aimed at balancing budgets for both 2026-27 and 2027-28, consistent with the Administration's intent for the state to focus on two-year budget planning.

The overall state budget would be slightly higher than what was proposed in January, and higher than the 2025-26 enacted budget, with an estimated increase of **\$349.4 billion**, or about 8.8%, of which **\$18 billion (8%)** would be an increase to General Fund spending of **\$246.6 billion**.



Graph 1: 2026-27 State Budget as of the May Revision compared to the 2025-26 enacted budget and the 2026-27 Governor's Proposed Budget

For California Community Colleges, the budget proposal emphasizes stable base funding and continued investment in priorities that support Vision 2030 and Roadmap goals. It also strengthens budget reserves, with the reserve balance projected to increase to **\$29.9 billion**, up from \$23 billion in the January proposal. The reserve balance includes:

- \$15.1 billion in the Budget Stabilization Account ("Rainy Day Fund");
- \$10.3 billion in the Public School System Stabilization Account (PSSSA); and
- \$4.5 billion in the Special Fund for Economic Uncertainties (SFEU).

The May Revision maintains ongoing and one-time spending proposals included in the January budget. The proposed ongoing and one-time funds include:

- \$120.7 million **one-time** in deferred maintenance funds to address facility needs;
- \$36 million **one-time** and \$5 million **ongoing** for the Common Cloud Data Platform to address a fragmented data infrastructure across the colleges;
- \$35 million **one-time** and \$2 million **ongoing** to institutionalize Credit for Prior Learning;

- \$100.6 million **one-time** to enhance student support programs with the Student Support Block Grant;
- \$38.1 million **ongoing** for Calbright College to support base operations and the transition from its startup capacity;
- \$14.3 million **ongoing** for the California Healthy School Food Pathway Program; and
- \$9.7 million **one-time** for the Adult Learner Demonstration Project.

In addition, the May Revision proposes the same capital outlay funding as in the January proposal (**\$736.9 million** from Proposition 2) to support construction on twenty-nine ongoing projects and fund preliminary plans and working drawings for ten new projects. Imperial Valley College's Gym Modernization remains among the continuing projects and is expected to receive **\$11.7 million** in state funding.

The May revision reflects higher funding for a larger Cost-of-Living Adjustment (COLA) and funding for the same enrollment growth proposals contained in the Governor's Budget. The proposed statutory COLA is **2.87%** (increasing base apportionments by **\$291.9 million** and certain categorical programs by **\$36.7 million**). The proposal also includes a discretionary COLA of **1.4%** (potentially increasing apportionments by an additional **\$146.4 million**). The **statutory COLA** is the adjustment required under existing state law and budget formulas. It is automatically calculated each year based on inflation indicators used by the state. This portion is considered part of the normal annual funding adjustment process. The **discretionary COLA** is an additional increase the Governor is choosing to provide beyond what statute requires. It is not automatic and depends on available state revenues and policy priorities. Districts will only receive the discretionary portion if they comply with conditions tied to the implementation of Assembly Bill 65, which provides employees up to 14 weeks of paid pregnancy disability leave. Furthermore, the discretionary COLA funds must be used by districts to reimburse those leave-related costs. In other words, districts would need to comply with the paid pregnancy leave provisions to receive additional discretionary funding beyond the statutory COLA. As of now, the bill is still moving through the legislative process and is not yet final law.

For enrollment growth, the May Revision continues to fund an additional **1%** in 2025-26 and **0.5%** (or **\$33.9 million**) in 2026-27. However, it does not address the Community College system's request to remove the 10% cap on funded FTES growth or to fund credit FTES based on the higher of the three-year average or the current-year reported amount.

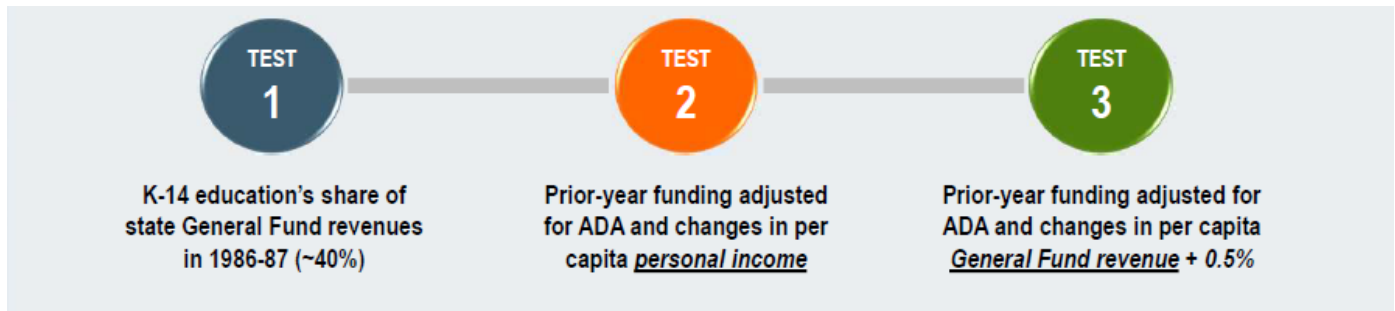
As an institution, Imperial Valley College is one of 116 community colleges in California experiencing enrollment growth, with the goal to surpass pre-pandemic enrollment levels and reach 10,000 FTES by the year 2030. The increase in enrollment growth funds should allow the college to optimistically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

Although community colleges are expected to benefit from proposed COLA increases, enrollment growth funding, SCFF support, and other ongoing and one-time investments, the District must remain cautious as it enters fiscal year 2026-27 to avoid budgeting structural deficits. It must also closely monitor federal education funding, as uncertainty in that area could affect the unrestricted general funds. Because additional changes are anticipated once Governor Newsom and the legislature finalize the state budget by June 30, 2026, the Tentative Budget will be revised accordingly, with the final updated budget presented for adoption by September 15, 2026.



2026-27 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 Governor’s Budget in January adjusted Proposition 98 estimates upward for the current and prior years based on revenues that were running ahead of projections. The May Revision projects that the minimum guarantee will increase by about **\$28 billion** over the three-year window, an increase of over **\$6 billion** relative to expectations in the Governor’s Budget.

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 2026-27 is estimated at **\$127.1 billion**, higher than what was estimated in January due to revenues coming in higher than projected.

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

Source	2025-26 Revised	2026-27 Governor's Budget (GB)	2026-27 May Revision	Change From GB (Amount)	Change From GB (Percent)
ALL PROPOSITION 98 PROGRAMS					
General Fund	\$87,601	\$89,877	\$91,997	\$ 2,120	2.4%
Local property tax	\$33,574	\$35,604	\$35,140	\$(464)	-1.3%
Totals ^a	\$121,175	\$125,481	\$127,137	\$1,656	1.3%
COMMUNITY COLLEGES ONLY ^b					
General Fund	\$8,148	\$9,326	\$9,629	\$303	3.2%
Local property tax	\$ 4,444	\$4,785	\$4,661	\$(124)	-2.6%
Totals	\$12,592	\$14,111	\$14,290	\$179	1.3%

^a Revised amount for 2025-26 does not include the \$3.96 billion settle-up.

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

The May Revision would pay off the **\$1.9 billion** settle-up from 2024-25 while creating a new **\$3.96 billion** settle-up obligation for 2025-26, due to fiscal uncertainty. Although this is **\$5.6 billion** less than the January proposal, it differs from the Senate and Assembly budget plans, which pledged not to withhold funding from community colleges. The May Revision also continues the proposal to repay the **\$408.4** million deferral from 2025-26 caused by the insufficient state revenues available to authorize ongoing costs.

Public School System Stabilization Account (PSSSA)

Governor Newsom proposes making a deposit of **\$5.3 billion** for 2024-25 and 2025-26 into the PSSSA, based on increased state revenues, and removing the mandatory **\$407.1** million withdrawal for 2026-27 included in the January proposal. The May Revision instead projects a balance of **\$10.3 billion** in the PSSSA at the end of the current year resulting from mandated deposits across the three-year budget window of **\$8.7 billion** and a discretionary deposit of **\$1.6 billion**, tied to lowering the 2025-26 settle-up obligation from **\$5.6 billion** to **\$3.96 billion**.

District Funding Floor Remains in Place

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.

It is important to note that according to the trailer bill language from the Administration, the funding protection also **does not include the discretionary COLA** provided for the implementation of AB 65 paid family leave, should this bill become law. Therefore, the discretionary COLA does not count toward the District’s funding floor.



2026-27 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 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 the unrestricted general fund 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 2026-27 final adopted budget.

The Tentative Budget beginning fund balance is estimated to be **\$23,692,756**, or about a 24% reserve balance. 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, 2026.

The total estimated revenues for 2026-27 are **\$84,533,750** and consist of estimated state funds using FTES projections and the projected statutory COLA of 2.87%, as well as local funds consisting of estimated property taxes provided by the Imperial County Auditor/Controller’s Office.

The total estimated expenditures for 2026-27 are **\$85,501,866** of which 83% 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 CCA/CTA/NEA and IVCPTFA for 2026-27. It also includes the employer contributions for the California Public Employee Retirement System (CalPERS) of 26.40%, the employer contributions for the California State Teachers Retirement System (CalSTRS) employer rate of 19.10%, and projected cost increases associated with Health and Welfare benefits.

2026-27 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	2025-26	2026-27	2027-28	2028-29	
Department of Finance Projected COLA	2.30%	2.87% ¹	3.30%	3.09%	
Additional SCFF Investment ²	-	\$146,441,000	Ongoing	Ongoing	
Growth Funding	2.35%	1.50%	TBD	TBD	
SCFF Rate Factors Analysis					
	2025-26	2026-27 (Estimated)			
Base Credit	\$5,416	\$5,650			
Supplemental Point Value	\$1,281	\$1,336			
Student Success Main Point Value	\$755	\$788			
Student Success Equity Point Value	\$190	\$199			
Incarcerated Credit, CDCP, Special Admit	\$7,595	\$7,923			
Noncredit	\$4,567	\$4,764			
SCFF Rate Factors Analysis					
Factor	2025-26	2026-27	2027-28	2028-29	
California Consumer Price Index		3.25%	3.76%	3.18%	2.76%
California Lottery	Unrestricted per FTES	\$190	\$190	\$190	\$190
	Restricted per FTES	\$82	\$82	\$82	\$82
Mandated Block Grant		\$36.46	\$37.51	\$38.75	\$39.95
CalSTRS Employer Rate ³		19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate ³		26.81%	26.40%	26.80%	25.90%
Unemployment Insurance Rate ⁴		0.50%	0.05%	0.05%	0.05%
Minimum Wage ⁵		\$16.90	\$17.40	\$18.00	\$18.50

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.

²Investment is separate and distinct from the statutory COLA and codified in proposed Education Code Section 84750.8. This increase is intended to offset rising costs as well as reimburse costs for proposed paid pregnancy disability leave.

³California 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. CalPERS and CalSTRS 2026-27 employer rates are final.

⁴Unemployment rates for 2025-26 and 2026-27 are 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).

⁵Minimum wage increases are effective January 1 of the respective year.



GENERAL FUND 11 UNRESTRICTED

The 2026-27 Tentative Budget begins with a projected beginning fund balance of **\$23,692,756**. This number is subject to change (plus or minus) depending on 2025-26 year-end closing results. The three-year FTES average as of the tentative budget is 7,753. The next major budget update is at Final Budget adoption in September. By then, these projections may be different.

Unrestricted	Tentative Budget 2026-2027
FTES Reported/Projected	7753
BEGINNING FUND BALANCE	\$ 23,692,756.00
Prior Year Adjustments	\$ -
ADJUSTED BEGINNING FUND BALANCE	\$ 23,692,756.00
<u>REVENUES</u>	
State (Apportionment)	\$ 52,829,740.00
Education Protection Act (EPA)	\$ 10,416,191.00
State (All Other)	\$ 3,347,548.00
CalSTRS On-Behalf Payments (GASB 24)	\$ 1,985,861.00
Local (Property Tax Included)	\$ 15,954,410.00
Other Financing Sources	\$ -
TOTAL REVENUES	\$ 84,533,750.00
<u>EXPENDITURES</u>	
Academic Salaries	\$ 33,088,781.00
Classified Salaries	\$ 15,729,584.00
Employee Benefits	\$ 22,457,480.00
CalSTRS On-Behalf Payments (GASB 24)	\$ 1,985,861.00
Supplies, Software, Subscriptions	\$ 1,452,532.00
Services and Operations	\$ 9,301,528.00
Capital Outlay	\$ 1,486,100.00
TOTAL EXPENDITURES	\$ 85,501,866.00
Excess (Deficiency) of Revenues over Expenditures	\$ (968,116.00)
Other Outgo (Transfers, Reserves)	\$ 930,000.00
Net Increase/Decrease in Fund Balance	\$ (1,898,116.00)
ENDING FUND BALANCE	\$ 21,794,640.00
ENDING FUND BALANCE (In Percentage)	25%

Using the most up-to-date financial information provided in the May revision, the estimated revenues are **\$84,553,750** and include State and Education Protection Act (EPA) funds calculated from a projected three-year average FTES of 7,753 (based on institution projections to reach 10,000 FTES by 2030) and a projected COLA of 2.87%. Most of the local revenues consist of estimated property taxes reported by the Imperial County Auditor/Controller's Office.

The total expenditures projected for 2026-27 are **\$85,501,866** and include estimated salaries and benefits costs from step and column increases, negotiated increases per collective bargaining agreements for 2026-27, increases to STRS and PERS and Health and 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 \$930,000 and include 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 a valuable tool used to predict the district’s financial health over three years. It is an essential tool for long-term fiscal planning.

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, MYPs help identify if the services and practices in place today will put the district at risk in the future.

Multi-Year Projections - General Fund Unrestricted						
Fiscal Year 2026-27						
Tentative Budget						
		2026-27		2027-28		2028-29
FTES Reported / Projected		7,753		7,985		8,066
BEGINNING FUND BALANCE		\$ 23,692,756		\$ 21,794,641		\$ 22,423,887
REVENUES			% Change		% Change	% Change
State Apportionment	8611	52,829,740		57,815,781		61,068,431
Education Protection Act (EPA)	8630	10,416,191		10,416,191		10,416,191
Other State Revenues	8600-8699	3,347,548		3,375,028		3,398,039
CalSTRS On-Behalf	8600	1,985,861		1,985,861		1,985,861
Other Local Revenues	8800-8899	15,954,410		15,954,410		15,954,410
Other Financing Sources	8910-8999	-		-		-
Total Revenues		84,533,751	5%	89,547,270	6%	92,822,932
EXPENDITURES						
Certificated Salaries	1000-1999	33,088,781		33,794,326		34,929,206
Classified Salaries	2000-2999	15,729,584		16,130,284		16,778,202
Employee Benefits	3000-3999	22,457,480		23,837,392		24,566,899
CalSTRS On-Behalf	3000	1,985,861		1,985,861		1,985,861
Supplies, Software, Subscriptions	4000-4999	1,452,532		1,452,532		1,452,532
Services and Operations	5000-5999	9,301,528		9,301,528		9,301,528
Capital Outlay	6000-6999	1,486,100		1,486,100		1,486,100
Total Expenditures		85,501,866	4%	87,988,024	3%	90,500,328
Excess/ (Deficiency) of Revenues over Expenditures		(968,115)		1,559,247		2,322,604
Other Outgo, Transfers	7000-7999	930,000		930,000		930,000
Net Increase/Decrease in Fund Balance		(1,898,115)		629,247		1,392,604
ENDING FUND BALANCE		\$ 21,794,641	-3%	\$ 22,423,887	3%	\$ 23,816,491
Ending Fund Balance Percent		25%		25%		26%

The MYP above represents the district’s projected revenues and expenses for 2026-27, 2027-28, and 2028-29. The current outlook shows that the district’s revenues increase by an average of about 5% over the next three years, while expenses increase by an average of about 4%. 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 movements and agreed upon salary increases with CCA/CTA/NEA and IVCPTFA 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 25%, which is vital to the district’s ability to remain fiscally solvent during times of economic uncertainty.



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 to be used for specific purposes. Unlike unrestricted general fund monies, the goal is to spend all restricted funds within the period 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 2026-2027
BEGINNING FUND BALANCE	\$ 631,229.00
Prior Year Adjustments	\$ -
ADJUSTED BEGINNING FUND BALANCE	\$ 631,229.00
REVENUES	
Federal	\$ 5,884,993.00
State	\$ 27,324,403.00
CalSTRS On-Behalf Payments (GASB 24)	\$ 520,336.00
Local	\$ 2,286,780.00
TOTAL REVENUES	\$ 36,016,512.00
EXPENDITURES	
Academic Salaries	\$ 8,052,579.00
Classified Salaries	\$ 8,042,416.00
Employee Benefits	\$ 5,297,780.00
CalSTRS On-Behalf Payments (GASB 24)	\$ 520,336.00
Supplies, Software, Subscriptions	\$ 2,789,843.00
Services and Operations	\$ 5,630,794.00
Capital Outlay	\$ 2,961,005.00
TOTAL EXPENDITURES	\$ 33,294,753.00
Excess (Deficiency) of Revenues over Expenditures	\$ 2,721,759.00
Other Outgo (Student Aid)	\$ 3,374,218.00
Net Increase/Decrease in Fund Balance	\$ (652,459.00)
ENDING FUND BALANCE	\$ (21,230.00)
ENDING FUND BALANCE (In Percentage)	0%

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, causing the fund balance to be a positive or negative balance. It is projected that the beginning fund balance will be **\$631,229** for 2026-27. 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 **\$36,016,512**. Of the approximate 185 categorical grants currently budgeted, only 4 will receive the projected COLA of 2.87%.

Estimated expenses are **\$33,294,753** that include estimated salaries and benefits costs from step and column increases, negotiated increases per collective bargaining agreements for 2026-27, increases to STRS and PERS and Health and Welfare (H&W) employer 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 185 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.





AUXILIARY FUNDS

2026-27 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 2026-2027
BEGINNING FUND BALANCE	\$ 26,839,310.00
Prior Year Adjustments	\$ -
ADJUSTED BEGINNING FUND BALANCE	\$ 26,839,310.00
REVENUES	
Local	\$ 875,000.00
Inter-Fund Transfers In	\$ -
TOTAL REVENUES	\$ 875,000.00
EXPENDITURES	
Supplies, Software, Subscriptions	\$ -
Services and Operations	\$ 35,000.00
Capital Outlay	\$ 26,804,310.00
TOTAL EXPENDITURES	\$ 26,839,310.00
Excess (Deficiency) of Revenues over Expenditures	\$ (25,964,310.00)
Other Outgo	\$ -
Net Increase (Decrease) in Fund Balance	\$ (25,964,310.00)
ENDING FUND BALANCE	\$ 875,000.00

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 and Campus Wayfinding.

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

CHILD DEVELOPMENT - 33	Tentative Budget 2026-2027
BEGINNING FUND BALANCE	\$ 686,970.00
Prior Year Adjustments	\$ -
ADJUSTED BEGINNING FUND BALANCE	\$ 686,970.00
REVENUES	
State	\$ 1,877,340.00
Local	\$ 34,400.00
TOTAL REVENUES	\$ 1,911,740.00
EXPENDITURES	
Academic Salaries	\$ 86,191.00
Classified Salaries	\$ 768,739.00
Employee Benefits	\$ 464,043.00
Supplies, Software, Subscriptions	\$ 411,056.00
Services and Operations	\$ 78,745.00
Capital Outlay	\$ 75,500.00
TOTAL EXPENDITURES	\$ 1,884,274.00
Excess (Deficiency) of Revenues over Expenditures	\$ 27,466.00
Other Outgo (Designated Reserves)	\$ 237,817.00
Net Increase (Decrease) in Fund Balance	\$ (210,351.00)
ENDING FUND BALANCE	\$ 476,619.00

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 most 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 2026-2027
BEGINNING FUND BALANCE	\$ 20,512.00
Prior Year Adjustments	\$ -
ADJUSTED BEGINNING FUND BALANCE	\$ 20,512.00
REVENUES	
State	\$ 9,905,559.00
Local	\$ 100,000.00
TOTAL REVENUES	\$ 10,005,559.00
EXPENDITURES	
Services and Operations	\$ -
Capital Outlay	\$ 9,926,071.00
TOTAL EXPENDITURES	\$ 9,926,071.00
Excess (Deficiency) of Revenues over Expenditures	\$ 79,488.00
Other Outgo	\$ -
Net Increase (Decrease) in Fund Balance	\$ 79,488.00
ENDING FUND BALANCE	\$ 100,000.00

Fund 41 – Capital Projects Fund

This fund was used to account for the receipt and expenditure of State Funded capital projects, such as the Gym Modernization 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 2026-2027
BEGINNING FUND BALANCE	\$ 109,071,094.00
Prior Year Adjustments	
ADJUSTED BEGINNING FUND BALANCE	\$ 109,071,094.00
REVENUES	
Other Financing Sources	\$ -
State	\$ -
Local	\$ 2,000,000.00
TOTAL REVENUES	\$ 2,000,000.00
EXPENDITURES	
Services and Operations	\$ 24,860.00
Capital Outlay	\$ 109,046,234.00
TOTAL EXPENDITURES	\$ 109,071,094.00
Excess (Deficiency) of Revenues over Expenditures	\$ (107,071,094.00)
Other Outgo	\$ -
Net Increase (Decrease) in Fund Balance	\$ (107,071,094.00)
ENDING FUND BALANCE	\$ 2,000,000.00

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 2026-2027
BEGINNING FUND BALANCE	\$ 581,071.00
Prior Year Adjustments	\$ -
ADJUSTED BEGINNING FUND BALANCE	\$ 581,071.00
REVENUES	
Local	\$ 2,000.00
Transfers	\$ -
TOTAL REVENUES	\$ 2,000.00
EXPENDITURES	
Services and Operations	\$ 581,071.00
TOTAL EXPENDITURES	\$ 581,071.00
Excess (Deficiency) of Revenues over Expenditures	\$ (579,071.00)
Other Outgo	\$ -
Net Increase (Decrease) in Fund Balance	\$ (579,071.00)
ENDING FUND BALANCE	\$ 2,000.00

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 2026-2027
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 2026-2027
BEGINNING FUND BALANCE	\$ 233,060.00
Prior Year Adjustments	\$ -
ADJUSTED BEGINNING FUND BALANCE	\$ 233,060.00
<u>REVENUES</u>	
Local	\$ 43,500.00
Transfers	\$ -
TOTAL REVENUES	\$ 43,500.00
<u>EXPENDITURES</u>	
Supplies, Software, Subscriptions	\$ 89,598.00
Services and Operations	\$ 15,830.00
Capital Outlay	\$ -
TOTAL EXPENDITURES	\$ 105,428.00
Excess (Deficiency) of Revenues over Expenditures	\$ (61,928.00)
Other Outgo	\$ -
Net Increase (Decrease) in Fund Balance	\$ (61,928.00)
ENDING FUND BALANCE	\$ 171,132.00

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 2026-2027
BEGINNING FUND BALANCE	\$ 77,677.00
Prior Year Adjustments	\$ -
ADJUSTED BEGINNING FUND BALANCE	\$ 77,677.00
<u>REVENUES</u>	
Local	\$ 68,075.00
TOTAL REVENUES	\$ 68,075.00
<u>EXPENDITURES</u>	
Services and Operations	\$ 68,075.00
TOTAL EXPENDITURES	\$ 68,075.00
Excess (Deficiency) of Revenues over Expenditures	\$ -
Other Outgo	\$ -
Net Increase (Decrease) in Fund Balance	\$ -
ENDING FUND BALANCE	\$ 77,677.00

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 2026-2027
BEGINNING FUND BALANCE	\$ (10,257.00)
Prior Year Adjustments	\$ -
ADJUSTED BEGINNING FUND BALANCE	\$ (10,257.00)
REVENUES	
Federal	\$ 30,402,517.00
State	\$ 17,633,361.00
TOTAL REVENUES	\$ 48,035,878.00
EXPENDITURES	
TOTAL EXPENDITURES	\$ -
Excess (Deficiency) of Revenues over Expenditures	\$ 48,035,878.00
Other Outgo (Student Financial Aid Expense)	\$ 48,035,878.00
Net Increase (Decrease) in Fund Balance	\$ -
ENDING FUND BALANCE	\$ (10,257.00)

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

GENERAL OBLIGATION FUND - 81	Tentative Budget 2026-2027
BEGINNING FUND BALANCE	\$ 8,374,945.00
Prior Year Adjustments	\$ -
ADJUSTED BEGINNING FUND BALANCE	\$ 8,374,945.00
REVENUES	
Financing Sources	\$ -
Local	\$ 150,000.00
TOTAL REVENUES	\$ 150,000.00
EXPENDITURES	
Supplies, Software, Subscriptions	\$ -
Services and Subscriptions	\$ -
Capital Outlay	\$ 8,374,945.00
TOTAL EXPENDITURES	\$ 8,374,945.00
Excess (Deficiency) of Revenues over Expenditures	\$ (8,224,945.00)
Other Outgo	\$ -
Net Increase (Decrease) in Fund Balance	\$ (8,224,945.00)
ENDING FUND BALANCE	\$ 150,000.00

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

Budget Outlook

The 2026-27 Tentative Budget reflects a cautious, but strategic approach, even as the state projects \$25 billion in additional revenue over three years from its three main tax sources: personal income, corporate, and sales and use taxes. While the Governor's May Revision includes support through COLA increases and enrollment growth funding, the Legislative Analyst's Office continues to caution about revenue uncertainty, and the state facing structural deficits in future years.

Business Office Mission and Fiscal Position

The Business Office's mission is to promote the college's financial stability and solvency through effective fiscal planning, development, allocation, maintenance, and enhancement, while also helping students overcome financial barriers through coordinated support programs and services.

Guided by this mission, the Business Office believes the 2026-27 Tentative Budget and the projected 24% beginning reserve position the District to maintain fiscal solvency in the years ahead. At the same time, the District must continue to manage both unrestricted and restricted resources carefully, particularly given the limited number of categorical programs receiving COLA and the continued uncertainty surrounding federal funding.

Next Steps

Looking ahead, the District will continue aligning spending with student needs and institutional priorities while closely monitoring state-level developments. The Final Budget, due in September, will incorporate any legislative changes and provide an updated financial outlook. The District's focus will remain on protecting core programs, preserving financial stability, and supporting responsible strategic growth, especially in enrollment.

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.

