

JUNE 18, 2024



# 2024-25 TENTATIVE BUDGET

PRESENTED BY:

CESAR L. VEGA, VICE PRESIDENT OF ADMINISTRATIVE SERVICES

STACEY BROWNING, DIRECTOR OF FISCAL SERVICES

MARIA LOCKAS, BUDGET ANALYST



# TABLE OF CONTENTS

<b>03</b>	Mission Statement	
<b>04</b>	Business Office Department	
<b>05</b>	Vice President's Message	
<b>06</b>	California's Budget Proposal	
<b>07</b>	May Revision	
<b>09</b>	2024-25 Proposition 98 Guarantee Conundrum	
<b>11</b>	2024-25 Tentative Budget	
<b>13</b>	General Fund – Unrestricted	
		<b>16</b> General Fund – Restricted
		<b>19</b> Auxiliary Funds
		<b>20</b> Building / Child Development Fund
		<b>21</b> Capital Projects / General Obligation Bond Fund (Measure B)
		<b>22</b> Self-Insurance / Other Internal Services Fund
		<b>23</b> ASG Campus Clubs / Student Representative Fee Fund
		<b>24</b> Student Financial Aid / General Obligation Bond Fund (Measure J)
		<b>25</b> Final Remarks

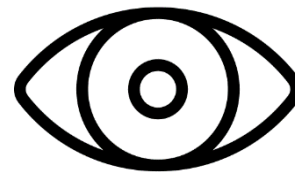


# MISSION & VISION STATEMENT



**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.**

**To provide quality education that enriches lives and builds futures.**





# BUSINESS SERVICES DEPARTMENT

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 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” released on Friday, May 10, 2024, and adjusted for the District’s own 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 public, 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 2024-25 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 15<sup>th</sup> 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 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 18, 2024.

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.

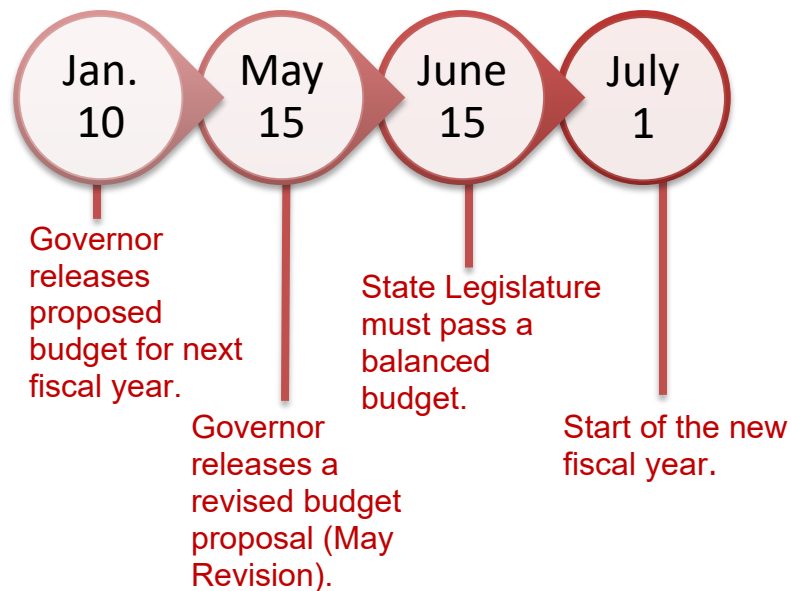
We hope that you find this information useful and easy to understand. The Administrative Services team is always available to help you answer any questions regarding this document, or to further explain how community college funding works in the state of California.

**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

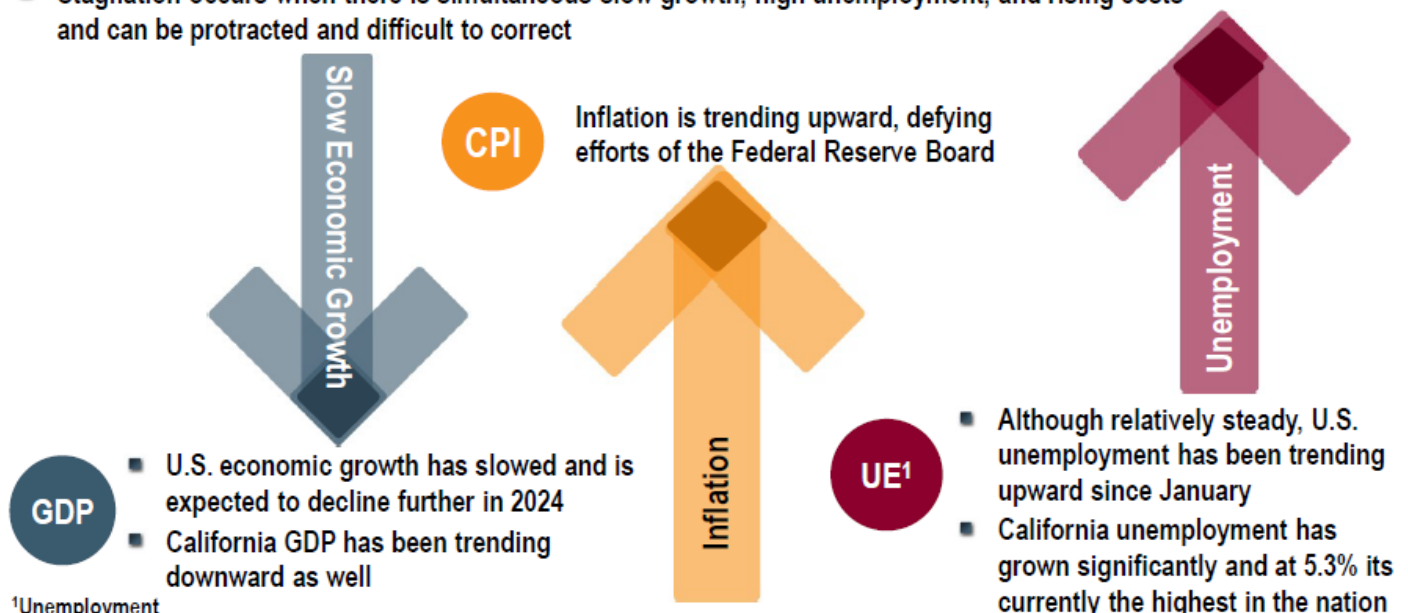
The Governor released his latest state budget proposal for 2024-25 and projections for subsequent fiscal years. As anticipated, Governor Newsom faces numerous state budget challenges and structural deficits that he must resolve as we move into 2024-25 and beyond. Outside of education, the Governor proposes significant spending cuts to government operations, reductions in programs, and pauses new investments. Thankfully, Community College Districts continue to be shielded from ongoing programmatic reductions. This, however, comes at the expense of fully depleting the Proposition 98 Rainy Day Fund.

For Governor Newsom, it is going to take several budget years to resolve the structural deficit he faces as the state economy is not trending up as it once used to just a few years ago. In fact, California's unemployment rate has grown significantly (approximately 5.3%) and is currently the highest in the nation. The state's gross domestic product (GDP) has been trending down, and the big-three sources of state revenue (i.e., personal income, corporation, and sales and use taxes) are projected to be lower by about \$10.5 billion over the three-year budget window when compared to January's Governor Budget proposal.

Californians continue to deal with inflation, which is a major concern for the Governor as well. According to School Services of California, we are in the middle of a "stagflation" which occurs when there is simultaneous slow growth, high unemployment, and rising costs. (See table below)

## Stagflation

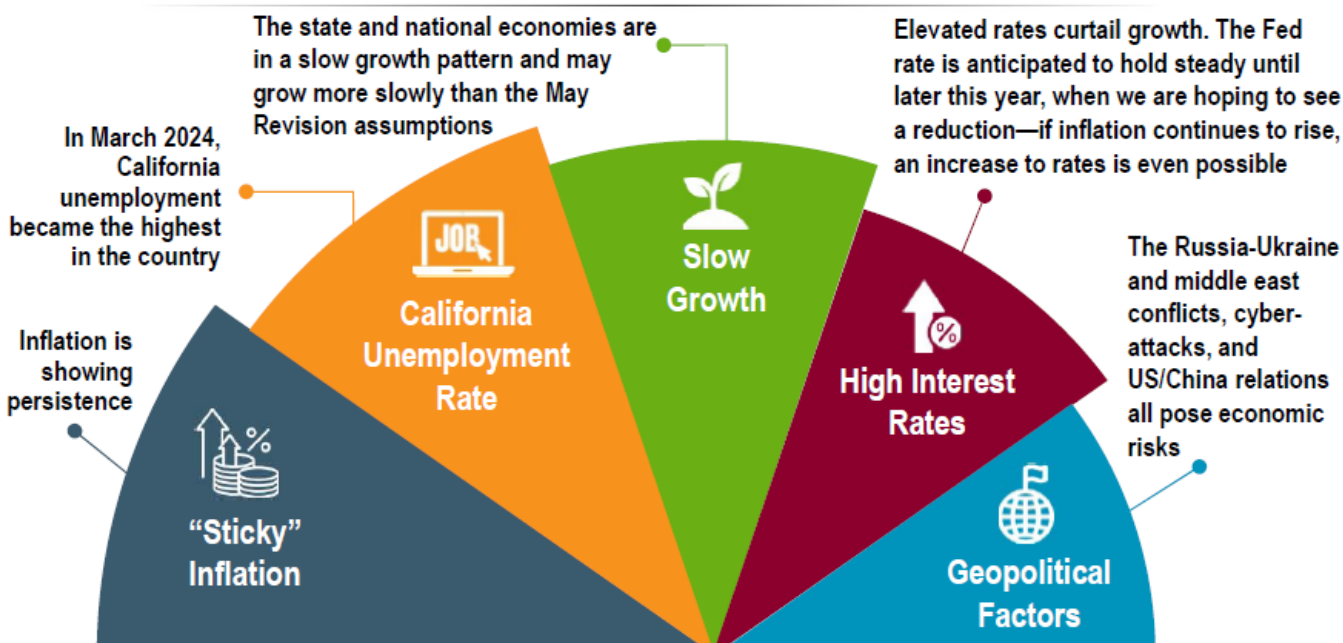
- Stagflation occurs when there is simultaneous slow growth, high unemployment, and rising costs and can be protracted and difficult to correct



There are multiple inflation measures, and the federal government has made it clear that inflation must come down for interest rates to decline. The Consumer Price Index, which is the most common inflation measure, has been trending up since January, yet fell slightly below projections in April. Another inflation index used by the Federal Reserve is called Personal Consumption Expenditures (PCE). The Federal Government continues to hold interest rates steady at 5.3% until further notice.

Citing a need for greater confidence that inflation will decline before rates are reduced, the Federal Government maintained the federal funds target rate at 5.25% to 5.5% in May. There is confidence in the economist community that the federal government will reduce rates by the end of 2024, although there are some economists that predict no reduction this year. The labor market conditions, and inflation rates will influence where interest rates go from here.

Nevertheless, as the Governor prepares and finalizes the 2024-25 state budget, one thing is for sure, no matter what the final numbers will be, there will be risks to the state budget due to various economic challenges that are beyond the Governor’s control.



As an institution, Imperial Valley College is one of the very few community college districts in California that is trending upward to restore enrollment to pre-pandemic levels, despite statewide enrollment declines. In the K-12 system, the state has experienced severe decline in enrollment over the last five years with student enrollment declining from 6.2 million students in 2018-19 to 5.9 million students in 2022-23, which represents a 5.4% loss. This is concerning because the community college system relies on high school graduates to enroll in higher education courses for funding and to remain in business.

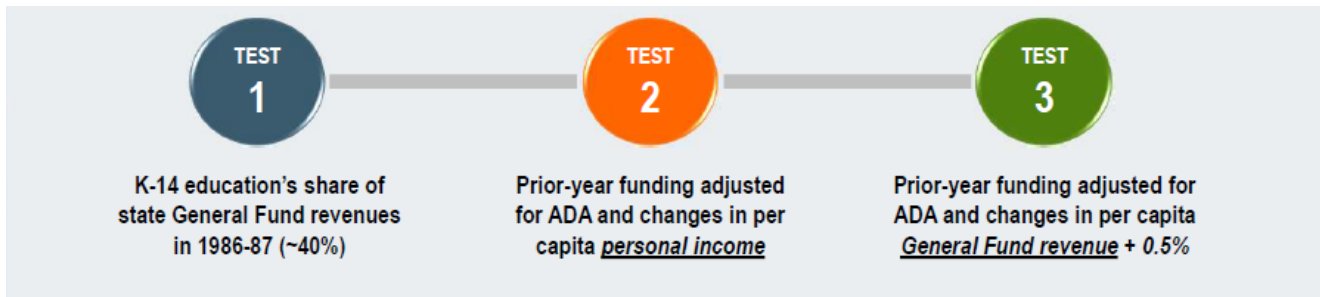
For these reasons and more, the District needs to be prepared for the unexpected. The May Revision has passed, and now that the latest financial projections, as well as the overall economic outlook for the state’s economy, are known, the District can finalize its tentative budgets. The District anticipates changes, whether positive or negative, once Governor Newsom enacts a state budget on or before June 30, 2024, and will bring an updated and final budget at “Budget Adoption” on or before September 15, 2024.





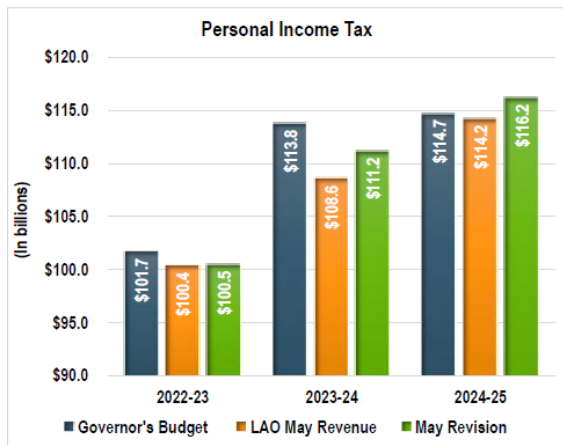
# 2024-25 PROPOSITION 98 GUARANTEE CONUNDRUM

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.

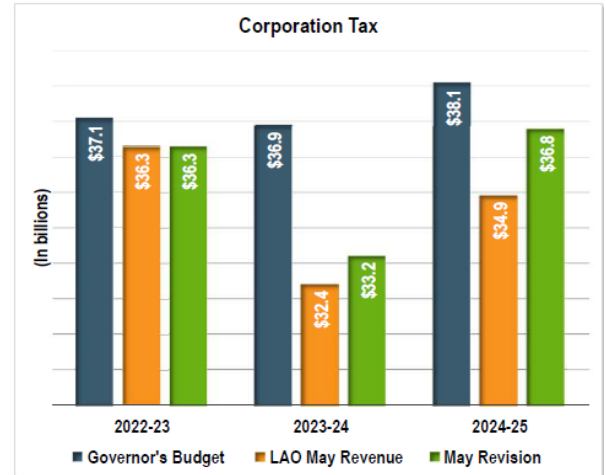


California faces a budget problem of tens of billions of dollars. The shortfall is greatly due to overestimating unrealized revenues in prior years. A large portion of the problem is tax revenues coming in significantly lower than projected.

The May Revision brings the latest and most up-to-date revenue collection and projections for the year ahead, and for 2022-23, and 2023-24. Thus far, personal income tax revenue has declined \$1.3 billion since the Governor’s initial state budget proposal was announced in January.

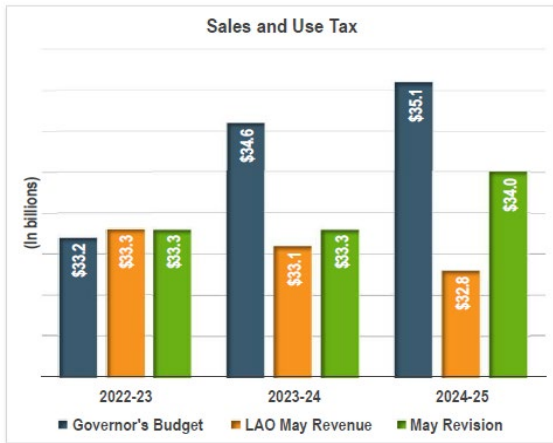
The Legislative Analyst Office (“LAO”), which is a nonpartisan office that provides policy and fiscal advice to the California Legislature, projects revenues to be even lower than what Governor Newsom is projecting.

The same is true for corporate tax revenues as estimates are also down. In the graph to the right, we can see that corporate tax forecast shows a reduction of \$0.8 billion, \$3.7 billion, and \$1.3 billion in 2022-23, 2023-24, and 2024-25, respectively.



In the Legislative Analyst Office, May 2, 2024, report, budget figures from the “Big Three” are projected to be lower than the May Revision figures for corporation tax by about \$0.8 billion and \$1.9 billion respectively.

The silver lining, however, comes from the last of the “Big Three” sources of state revenues. The sales and use tax is the only one that exceeded expectations in 2022-23 with an increase of \$137 million. However, in 2023-24, new estimates project reductions in revenues of \$1.3 billion and \$1.1 billion in the upcoming fiscal year – 2024-25.



For sales and use taxes, the current year and budget year figures from the LAO’s May 2, 2024, “Big Three” update are projected to be even lower than the Governor’s May Revision figures.

The minimum guarantee for community colleges slightly increases under the Governor’s May Revision projections. The table below shows the Department of Finance’s estimates of the minimum guarantee for the current and subsequent budget years demonstrating an even larger reduction for 2023-24 (\$102.6 billion rather than the \$105.6 billion estimated in January).

The minimum guarantee for 2024-25 is \$109.1 billion, nearly the same as was estimated in January. As noted earlier, the 2024-25 estimate reflects the continued reliance on a budget maneuver that postpones recognition of overpayments to districts for 2022-23 that ended up exceeding revised Proposition 98 estimates for that year by 8.8 billion.

The Public School System Stabilization Account (“PSSSA”) is being depleted to zero under the Governor’s proposed withdrawals of about \$236 million for 2023-24, and \$486 million for 2024-25 to support the Student-Centered Funding Formula. The May Revision increases the proposed withdrawals to \$532.5 million for 2023-24 and \$381.5 million for 2024-25 to offset the state’s decreased revenues. Again, this maneuver would eliminate all Proposition 98 Rainy Day Fund reserves.

Source	2023-24 Revised	2024-25 Governor's Budget (GB)	2024-25 May Revision	Change From GB (Amount)	Change From GB (Percent)
<b>ALL PROPOSITION 98 PROGRAMS</b>					
General Fund	\$71,500	\$76,894	\$76,606	\$(288)	-0.4%
Local property tax	31,072	32,185	32,524	\$339	1.1%
<b>Totals</b>	<b>\$102,572</b>	<b>\$109,050</b>	<b>\$109,129</b>	<b>\$79</b>	<b>0.1%</b>
<b>COMMUNITY COLLEGES ONLY <sup>a</sup></b>					
General Fund	\$7,851	\$8,193	\$8,336	\$143	1.7%
Local property tax	4,075	4,210	4,285	\$75	1.8%
<b>Totals</b>	<b>\$11,926</b>	<b>\$12,403</b>	<b>\$12,621</b>	<b>\$218</b>	<b>1.8%</b>



# 2024-25 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 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 biggest 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 2024-25 final adopted budget.

The Tentative Budget beginning fund balance is estimated to be \$20,094,553, or about a 24% reserve. It reflects a balanced set of revenues and expenses. The beginning fund balance could fluctuate up or down due to one-time allocations, year-end closing, or negotiated settlement agreements.

The total estimated revenues for 2024-25 are \$80,437,090. This estimation includes the May Revision 1.07% COLA, 0.50% growth funds, and an estimated 0.5% deficit factor.

The Tentative Budget includes step and column increases and agreed upon salary increases with CSEA and Part-Time Faculty for 2024-25. It also includes the employer contributions for the Public Employee Retirement System (PERS) of 27.05%, the employer contributions for the State Teachers Retirement System (STRS) employer rate of 19.10%, cost increases associated with Health and Welfare benefits, general liability insurance costs, and more.

Administrative Procedure 6305 Reserves, state:

“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 a reserve amount of 24% at the direction and recommendation of the Superintendent/President.

These estimates of the fund balance will be refined with year-end closing and actual figures presented to the Board of Trustees on or before September 15, 2024.

## 2024-25 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		2023-24	2024-25	2025-26	2026-27
Department of Finance Projected COLA		8.22%	1.07%	2.93%	3.08%
Growth Funding		0.50%	0.50%	TBD	TBD
SCFF Rate Factors Analysis					
		2023-24	2024-25		
Base Credit		\$5,238	\$5,294		
Supplemental Point Value		\$1,239	\$1,252		
Student Success Main Point Value		\$730	\$738		
Student Success Equity Point Value		\$184	\$186		
Incarcerated Credit, CDCP		\$7,346	\$7,425		
Noncredit		\$4,417	\$4,465		
SCFF Rate Factors Analysis					
Factor		2023-24	2024-25	2025-26	2026-27
California Consumer Price Index		3.33%	3.10%	2.86%	2.87%
California Lottery	Unrestricted	\$177	\$177	\$177	\$177
	Restricted	\$72	\$72	\$72	\$72
Mandated Block Grant		\$35.37	\$35.37	\$36.80	\$37.93
CalSTRS Employer Rate		19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate		26.68%	27.05%	27.60%	28.00%
Unemployment Insurance Rate		0.50%	0.05%	0.05%	0.05%





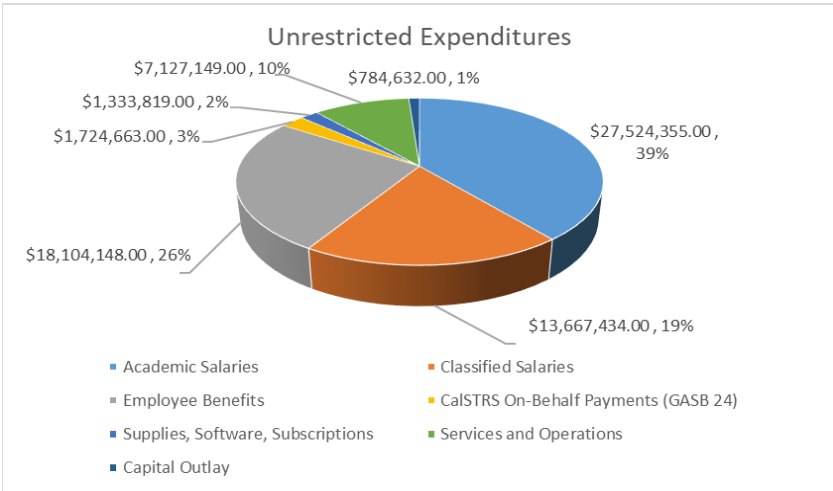
# GENERAL FUND 11 – UNRESTRICTED

The 2024-25 Tentative Budget begins with a projected beginning fund balance of \$20,094,553. This number is subject to change (plus or minus) depending on 2023-24 year-end closing results. The three-year FTES average as of the tentative budget is 7,411. The next major budget update is at Final Budget adoption in September. By then, these projections may be different.

<b>UNRESTRICTED</b>	
<b>Tentative Budget 2024-2025</b>	
FTES Reported/Projected	7411
<b>BEGINNING FUND BALANCE</b>	\$ 20,094,553.00
Prior Year Adjustments	\$ -
<b>ADJUSTED BEGINNING FUND BALANCE</b>	\$ 20,094,553.00
<b><u>REVENUES</u></b>	
State (Apportionment)	\$ 50,297,024.00
Education Protection Act (EPA)	\$ 12,957,977.00
State (All Other)	\$ 3,373,169.00
CalSTRS On-Behalf Payments (GASB 24)	\$ 1,724,663.00
Local (Property Tax Included)	\$ 12,084,257.00
<b>TOTAL REVENUES</b>	\$ 80,437,090.00
<b><u>EXPENDITURES</u></b>	
Academic Salaries	\$ 27,524,355.00
Classified Salaries	\$ 13,667,434.00
Employee Benefits	\$ 18,104,148.00
CalSTRS On-Behalf Payments (GASB 24)	\$ 1,724,663.00
Supplies, Software, Subscriptions	\$ 1,333,819.00
Services and Operations	\$ 7,127,149.00
Capital Outlay	\$ 784,632.00
<b>TOTAL EXPENDITURES</b>	\$ 70,266,200.00
Excess (Deficiency) of Revenues over Expenditures	\$ 10,170,890.00
Other Outgo (Transfers, Reserves)	\$ 10,560,000.00
Net Increase/Decrease in Fund Balance	\$ (389,110.00)
<b>ENDING FUND BALANCE</b>	\$ 19,705,443.00
<b>ENDING FUND BALANCE (In Percentage)</b>	24%

The District is using the latest and most up-to-date financial information provided by Governor Newsom during his May Budget Revision. The revenues include a tentative COLA of 1.07%, a growth funding of 0.50%, a Consumer Price Index (CPI) of 3.10%, and a projected three-year full-time equivalent student average of 7,411 in 2024-25.

The total expenditures projected for 2024-25 are \$70,266,200, but these figures are subject to change once the District closes fiscal year 2023-24. The Tentative Budget includes step and column increases and agreed upon settlements by CSEA and Part-Time Faculty for 2024-25. These expenditures also include a CalPERS rate increase to 27.05%, an aggregated 18.5% increase to health and welfare benefits, and a 16% increase to liability insurance.



In fiscal year 2024-25, the District is proposing transfers of \$6,000,000 and \$3,250,000 to OPEB and pension liability trusts, and \$500,000 to the self-insurance fund. Additionally, the District has allocated \$500,000 for budget enhancements, and \$310,000 reserved for contingencies. The District, however, meets its minimum reserves.

### Multi-Year Projections – General Fund Unrestricted

A Multi-Year Projection (“MYP”) represents the District’s best financial projections over multiple years, given the current known financial information (i.e., Governor’s Budget Workshop in January, May Revision, or State Budget Adoption in June). It is one of the most, if not the most, used tools to make educated financial decisions for the short and long-term.

Multi-Year Projections - General Fund Unrestricted  
FY 24-25 Tentative Budget

		2024-25	2025-26	2026-27
<b>FTES Reported/Projected</b>		<b>7,411</b>	<b>7,424</b>	<b>7,416</b>
<b>BEGINNING FUND BALANCE</b>		<b>\$ 20,094,553</b>	<b>\$ 19,705,443</b>	<b>\$ 20,910,557</b>
<b>A. REVENUES</b>				
State Apportionment	8611	50,297,024	50,297,024	51,286,664
Education Protection Act (EPA)	8630	12,957,977	12,957,977	12,957,977
Other State Revenues	8600-8699	3,373,169	3,396,749	3,407,633
CalSTRS On-Behalf	8600	1,724,663	1,724,663	1,724,663
Other Local Revenues	8800-8899	12,084,257	12,084,257	12,084,257
Other Financing Sources	8910-8999	-	-	-
<b>Total Revenues</b>		<b>80,437,090</b>	<b>80,460,670</b>	<b>81,461,195</b>
<b>B EXPENDITURES</b>				
Certificated Salaries	1000-1999	27,524,355	28,811,266	30,182,042
Classified Salaries	2000-2999	13,667,434	14,658,654	15,307,584
Employee Benefits	3000-3999	18,104,148	17,240,948	17,834,783
CalSTRS On-Behalf	3000	1,724,663	1,724,664	1,724,665
Supplies, Software, Subscriptions	4000-4999	1,333,819	1,371,966	1,411,342
Services and Operations	5000-5999	7,127,149	7,330,985	7,541,385
Capital Outlay	6000-6999	784,632	807,072	830,235
<b>Total Expenditures</b>		<b>70,266,200</b>	<b>71,945,556</b>	<b>74,832,036</b>
<b>C. Excess/ (Deficiency) of Revenues over Expenditures</b>		<b>10,170,890</b>	<b>8,515,114</b>	<b>6,629,159</b>
<b>D. Other Outgo, Transfers</b>	7000-7999	10,560,000	7,310,000	7,310,000
<b>E. Net Increase/Decrease in Fund Balance</b>		<b>(389,110)</b>	<b>1,205,114</b>	<b>(680,841)</b>
<b>ENDING FUND BALANCE</b>		<b>\$ 19,705,443</b>	<b>\$ 20,910,557</b>	<b>\$ 20,229,716</b>
<b>Ending Fund Balance Percent</b>		<b>24%</b>	<b>26%</b>	<b>25%</b>

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, as well as how those two factors impact 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.

As you read and analyze this MYP, please notice how the revenues are not expected to grow as much from 2024-25 into 2025-26, and 2026-27. The reason for this is because the hold harmless provision expires, and a new funding floor will be established in 2024-25. In other words, whatever is reported on the CCFS 320 enrollment report in 2024-25, will establish the District’s minimum guaranteed Total Computational Revenue (FTES, Supplemental, and Student Success Metrics) in 2025-26 and going forward.

**Multi-Year Projections - General Fund Unrestricted  
FY 24-25 Tentative Budget**

		2024-25	2025-26	2026-27
<b>FTES Reported/Projected</b>		7,411	7,424	7,416
<b>BEGINNING FUND BALANCE</b>		\$ 20,094,553	\$ 19,705,443	\$ 20,910,557
<b>A. REVENUES</b>				
State Apportionment	8611	50,297,024	50,297,024	51,286,664
Education Protection Act (EPA)	8630	12,957,977	12,957,977	12,957,977
Other State Revenues	8600-8699	3,373,169	3,396,749	3,407,633
CalSTRS On-Behalf	8600	1,724,663	1,724,663	1,724,663
Other Local Revenues	8800-8899	12,084,257	12,084,257	12,084,257
Other Financing Sources	8910-8999	-	-	-
<b>Total Projected Revenues</b>		<b>80,437,090</b>	<b>80,460,670</b>	<b>81,461,195</b>

This is very important to understand because, moving forward, Imperial Valley College will always be funded based on two conditions:

1. At the established 2024-25 minimum guaranteed floor, **or**
2. At the calculated Total Computational Revenue, if higher than the funding floor

One of the problems with condition one is that if revenues do not grow, a structural deficit will develop, meaning that expenditures are much higher than revenues each year. This condition could lead to an eventual fiscal insolvency.



# GENERAL FUND 12 – RESTRICTED

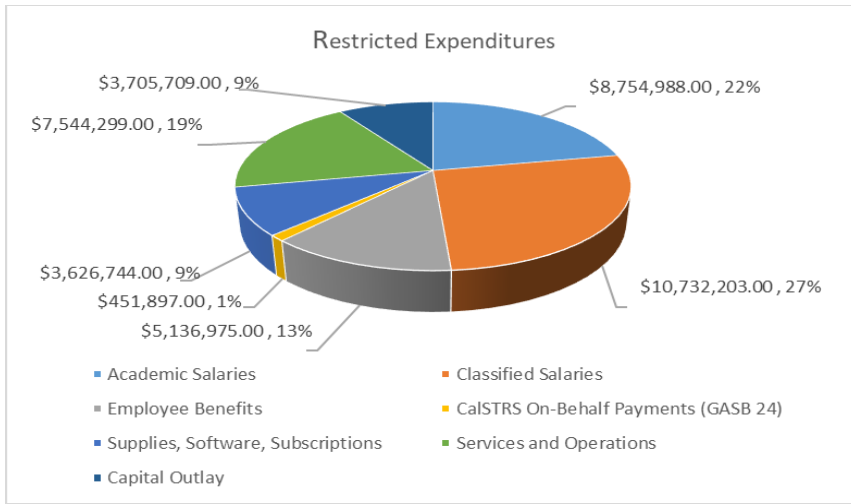
The Restricted, or Categorical, fund is used to account for grants provided by an external source, such as federal, state, and local governments, donors, or other outside agencies. These monies are used for the operation and support of programs, and are specifically restricted by laws, regulations, or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

<b>RESTRICTED</b>	
<b>Tentative Budget 2024-2025</b>	
<b>BEGINNING FUND BALANCE</b>	\$ 947,190.00
Prior Year Adjustments	\$ -
<b>ADJUSTED BEGINNING FUND BALANCE</b>	<b>\$ 947,190.00</b>
<b><u>REVENUES</u></b>	
Federal	\$ 5,260,440.00
State	\$ 33,452,037.00
CalSTRS On-Behalf Payments (GASB 24)	\$ 451,897.00
Local	\$ 2,709,896.00
<b>TOTAL REVENUES</b>	<b>\$ 41,874,270.00</b>
<b><u>EXPENDITURES</u></b>	
Academic Salaries	\$ 8,754,988.00
Classified Salaries	\$ 10,732,203.00
Employee Benefits	\$ 5,136,975.00
CalSTRS On-Behalf Payments (GASB 24)	\$ 451,897.00
Supplies, Software, Subscriptions	\$ 3,626,744.00
Services and Operations	\$ 7,544,299.00
Capital Outlay	\$ 3,705,709.00
<b>TOTAL EXPENDITURES</b>	<b>\$ 39,952,815.00</b>
Excess (Deficiency) of Revenues over Expenditures	\$ 1,921,455.00
Other Outgo (Student Aid)	\$ 2,837,764.00
Net Increase/Decrease in Fund Balance	\$ (916,309.00)
<b>ENDING FUND BALANCE</b>	<b>\$ 30,881.00</b>
<b>ENDING FUND BALANCE (In Percentage)</b>	<b>0%</b>

Categorical funds are separately accounted for in the restricted sub-fund of the general fund. In this case, Fund 12. Some categorical programs allow carryover from the fiscal year incurred into the next. For this reason, it is projected that the beginning fund balance will be \$947,190 recorded in the Tentative Budget for 2024-25.

Categorical funds are recorded as revenue only to the extent they have been earned, (i.e. expenses) and have been incurred for the intended purpose of the program. Deferred revenues (a liability account) are recorded for revenues which are collected in advance of when they are earned. As of the May Revision, we are projecting \$41,874,270 in revenues.





Categorical funds are restricted in nature and can only be used for specific purposes. There are approximately 180 categorical programs at the District. Most categorical programs require personnel, such as administrators and support staff, to oversee the program. These projected expenses are recorded under salaries and employee benefits.

It is important to understand that most categorical programs at Imperial Valley College do not receive a cost-of-living-adjustment, or COLA augmentation, which limits certain programs as the amount of funding received remains the same year-after-year. As of the May Revision, the District is projecting \$39,952,815 in expenditures.

When you look at the beginning fund balance in comparison to the projected ending fund balance of \$30,881 at the end of fiscal year 2024-25, the District is on target to spend all categorical funds.

### Multi-Year Projections – General Fund Restricted

As previously noted, Multi-Year Projections (“MYP”) represents the District’s best estimates over a period of three fiscal years using the most up-to-date financial information provided by various state, local, and federal agencies. The way you interpret and analyze an MYP with restricted general fund resources is a bit different than an unrestricted MYP. On restricted resources, you want to have the least amount of projected ending fund balance and reserves. You want to make sure you spend all categorical funds in the year, or budget term, appropriated, unless carryover is allowed.

Most restricted funds come from categorical programs derived from local, state, and federal administrative agencies. The nature of restricted funding is different than unrestricted, mostly because you can only use restricted funds on allowable expenditures as noted in the grant award documents. Most categorical programs are term-based, which range from 1 to 3 years, but there are programs that are recurring.



**Multi-Year Projections - General Fund Restricted  
FY 24-25 Tentative Budget**

		2024-25	2025-26	2026-27
<b>BEGINNING FUND BALANCE</b>		\$ 947,190	\$ 30,881	\$ (1,205,721)
<b>A. REVENUES</b>				
Federal	8100	5,260,440	5,470,858	5,689,692
State	8600	33,452,037	34,432,182	35,492,693
CalSTRS On-Behalf	8600	451,897	451,897	451,897
Other Local Revenues	8800-8899	2,709,896	2,845,391	2,987,660
Other Financing Sources	8910-8999	-	-	-
<b>Total Revenues</b>		41,874,270	43,200,327	44,621,942
<b>B EXPENDITURES</b>				
Certificated Salaries	1000-1999	8,754,988	9,065,285	9,452,557
Classified Salaries	2000-2999	10,732,203	11,145,779	11,577,037
Employee Benefits	3000-3999	5,136,975	5,971,742	6,173,575
CalSTRS On-Behalf	3000	451,897	451,897	451,897
Supplies, Software, Subscriptions	4000-4999	3,626,744	3,730,468	3,837,533
Services and Operations	5000-5999	7,544,299	7,760,066	7,982,780
Capital Outlay	6000-6999	3,705,709	3,811,692	3,921,087
<b>Total Expenditures</b>		39,952,815	41,936,930	43,396,466
<b>C. Excess/ (Deficiency) of Revenues over Expenditures</b>		<b>1,921,455</b>	<b>1,263,397</b>	<b>1,225,476</b>
<b>D. Other Outgo (Student Aid)</b>	7000-7999	2,837,764	2,500,000	2,500,000
<b>E. Net Increase/Decrease in Fund Balance</b>		<b>(916,309)</b>	<b>(1,236,603)</b>	<b>(1,274,524)</b>
<b>ENDING FUND BALANCE</b>		\$ 30,881	\$ (1,205,721)	(2,480,245)
<b>Ending Fund Balance Percent</b>		0%	-3%	-5%

There are PROs and CONs with categorical funds, primarily because they can have an impact on unrestricted general fund resources. The general rule is that 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 180 categorical programs and only a small number are tentatively scheduled to receive cost-of-living adjustments. This is very impactful because the cost of doing business from one fiscal year to the next increases significantly, especially after increases in salaries, pension plan rates, health and welfare premiums, general liability insurance premiums, and more.



# AUXILIARY FUNDS

## 2024-25 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

<b>BUILDING FUND - FUND 22</b>	
<b>2024-25 Tentative Budget</b>	
<b>BEGINNING FUND BALANCE</b>	\$ 18,588,048.00
Prior Year Adjustments	\$ -
<b>ADJUSTED BEGINNING FUND BALANCE</b>	\$ 18,588,048.00
<b>REVENUES</b>	
Local	\$ 540,000.00
Inter-Fund Transfers In	\$ -
<b>TOTAL REVENUES</b>	\$ 540,000.00
<b>EXPENDITURES</b>	
Supplies, Software, Subscriptions	\$ -
Services and Operations	\$ 29,000.00
Capital Outlay	\$ 18,455,654.00
<b>TOTAL EXPENDITURES</b>	\$ 18,484,654.00
<b>Excess (Deficiency) of Revenues over Expenditures</b>	\$ (17,944,654.00)
Other Outgo	\$ -
<b>Net Increase (Decrease) in Fund Balance</b>	\$ (17,944,654.00)
<b>ENDING FUND BALANCE</b>	\$ 643,394.00
<b>ENDING FUND BALANCE IN PERCENTAGE (%)</b>	3%

Fund 22 is the District's building account, and the funds transferred and allocated here are project-specific, such as the Auto-Technology Building and other renovation and modernization projects.

<b>CHILD DEVELOPMENT - FUND 33</b>	
<b>2024-25 Tentative Budget</b>	
<b>BEGINNING FUND BALANCE</b>	\$ 836,505.00
Prior Year Adjustments	\$ -
<b>ADJUSTED BEGINNING FUND BALANCE</b>	\$ 836,505.00
<b>REVENUES</b>	
State	\$ 1,752,071.00
Local	\$ 249,966.00
<b>TOTAL REVENUES</b>	\$ 2,002,037.00
<b>EXPENDITURES</b>	
Academic Salaries	\$ 67,969.00
Classified Salaries	\$ 711,433.00
Employee Benefits	\$ 433,450.00
Supplies, Software, Subscriptions	\$ 409,926.00
Services and Operations	\$ 46,420.00
Capital Outlay	\$ 90,300.00
<b>TOTAL EXPENDITURES</b>	\$ 1,759,498.00
<b>Excess (Deficiency) of Revenues over Expenditures</b>	\$ 242,539.00
Other Outgo (Designated Reserves)	\$ 237,066.00
<b>Net Increase (Decrease) in Fund Balance</b>	\$ 5,473.00
<b>ENDING FUND BALANCE</b>	\$ 841,978.00
<b>ENDING FUND BALANCE IN PERCENTAGE (%)</b>	42%

Fund 33 are restricted funds, and the majority are used to provide childcare services to families who meet certain income and needs criteria.

A portion of the funding is used for activities to improve the quality of childcare. Another portion is used to pay for costs of administering the program.



<b>CAPITAL PROJECTS - FUND 41</b>	
<b>2024-25 Tentative Budget</b>	
<b>BEGINNING FUND BALANCE</b>	\$ 541,072.00
Prior Year Adjustments	\$ -
<b>ADJUSTED BEGINNING FUND BALANCE</b>	\$ 541,072.00
<b>REVENUES</b>	
State	\$ -
Local	\$ -
<b>TOTAL REVENUES</b>	\$ -
<b>EXPENDITURES</b>	
Services and Operations	\$ -
Capital Outlay	\$ -
<b>TOTAL EXPENDITURES</b>	\$ -
<b>Excess (Deficiency) of Revenues over Expenditures</b>	\$ -
Other Outgo	\$ -
<b>Net Increase (Decrease) in Fund Balance</b>	\$ -
<b>ENDING FUND BALANCE</b>	\$ 541,072.00
<b>ENDING FUND BALANCE IN PERCENTAGE (%)</b>	0%

Fund 41 was used to account for the receipt and expenditure of State Funded capital projects, such as the Building 200, 300, and 800 construction and modernization project, and the Intersegmental Student Housing project with San Diego State University.

<b>GENERAL OBLIGATION BOND - FUND 43</b>	
<b>2024-25 Tentative Budget</b>	
<b>BEGINNING FUND BALANCE</b>	\$ 105,682,731.57
Prior Year Adjustments	
<b>ADJUSTED BEGINNING FUND BALANCE</b>	\$ 105,682,731.57
<b>REVENUES</b>	
Other Financing Sources	\$ -
State	\$ 1,500,000.00
Local	\$ -
<b>TOTAL REVENUES</b>	\$ 1,500,000.00
<b>EXPENDITURES</b>	
Services and Operations	\$ -
Capital Outlay	\$ 105,682,731.57
<b>TOTAL EXPENDITURES</b>	\$ 105,682,731.57
<b>Excess (Deficiency) of Revenues over Expenditures</b>	\$ (104,182,731.57)
Other Outgo	\$ -
<b>Net Increase (Decrease) in Fund Balance</b>	\$ (104,182,731.57)
<b>ENDING FUND BALANCE</b>	\$ 1,500,000.00
<b>ENDING FUND BALANCE IN PERCENTAGE (%)</b>	0%

Fund 43 is designated to account for the proceeds of bonds under Proposition 39, and expenditures on the construction of projects voted and approved by the local property owners.

Monies may only be expended for the purposes authorized by the language of the Proposition 39 Bond voter approved ballot measure.

<b>SELF-INSURANCE - FUND 61</b>	
<b>2024-25 Tentative Budget</b>	
<b>BEGINNING FUND BALANCE</b>	\$ 16,800.00
Prior Year Adjustments	\$ -
<b>ADJUSTED BEGINNING FUND BALANCE</b>	\$ 16,800.00
<b>REVENUES</b>	
Local	\$ 20,000.00
Transfers	\$ 500,000.00
<b>TOTAL REVENUES</b>	\$ 520,000.00
<b>EXPENDITURES</b>	
Services and Operations	\$ 520,000.00
<b>TOTAL EXPENDITURES</b>	\$ 520,000.00
<b>Excess (Deficiency) of Revenues over Expenditures</b>	\$ -
Other Outgo	\$ -
<b>Net Increase (Decrease) in Fund Balance</b>	\$ -
<b>ENDING FUND BALANCE</b>	\$ 16,800.00
<b>ENDING FUND BALANCE IN PERCENTAGE (%)</b>	3%

Fund 61 is used to pay premiums, claims and expenses incurred (plus contingencies), 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.

<b>OTHER INTERNAL SERVICES - FUND 69</b>	
<b>2024-25 Tentative Budget</b>	
<b>BEGINNING FUND BALANCE</b>	\$ 10,000,000.00
Prior Year Adjustments	\$ -
<b>ADJUSTED BEGINNING FUND BALANCE</b>	\$ 10,000,000.00
<b>REVENUES</b>	
Transfers	\$ -
<b>TOTAL REVENUES</b>	\$ -
<b>EXPENDITURES</b>	
Capital Outlay	\$ -
<b>TOTAL EXPENDITURES</b>	\$ -
<b>Excess (Deficiency) of Revenues over Expenditures</b>	\$ -
Other Outgo	\$ -
<b>Net Increase (Decrease) in Fund Balance</b>	\$ -
<b>ENDING FUND BALANCE</b>	\$ 10,000,000.00
<b>ENDING FUND BALANCE IN PERCENTAGE (%)</b>	0%

Fund 69 is the District's cash-flow account. When economic downturns occur, or when the state imposes cash deferrals, this fund is used to cover payroll and other operating expenses, rather than borrow from a bank.

<b>ASG/CAMPUS CLUBS - FUND 71 2024-25 Tentative Budget</b>	
<b>BEGINNING FUND BALANCE</b>	\$ 230,202.00
Prior Year Adjustments	\$ -
<b>ADJUSTED BEGINNING FUND BALANCE</b>	\$ 230,202.00
<b>REVENUES</b>	
Local	\$ 45,525.00
Transfers	\$ -
<b>TOTAL REVENUES</b>	\$ 45,525.00
<b>EXPENDITURES</b>	
Supplies, Software, Subscriptions	\$ 72,551.00
Services and Operations	\$ 18,381.00
Capital Outlay	\$ -
<b>TOTAL EXPENDITURES</b>	\$ 90,932.00
<b>Excess (Deficiency) of Revenues over Expenditures</b>	\$ (45,407.00)
Other Outgo	\$ -
<b>Net Increase (Decrease) in Fund Balance</b>	\$ (45,407.00)
<b>ENDING FUND BALANCE</b>	\$ 184,795.00
<b>ENDING FUND BALANCE IN PERCENTAGE (%)</b>	203%

Fund 71 is used to account for monies held in trust by the District for use by organized student body associations and campus clubs.

<b>STUDENT REPRESENTATIVE FEE - FUND 72 2024-25 Tentative Budget</b>	
<b>BEGINNING FUND BALANCE</b>	\$ 54,543.00
Prior Year Adjustments	\$ -
<b>ADJUSTED BEGINNING FUND BALANCE</b>	\$ 54,543.00
<b>REVENUES</b>	
Local	\$ 42,000.00
<b>TOTAL REVENUES</b>	\$ 42,000.00
<b>EXPENDITURES</b>	
Services and Operations	\$ 42,000.00
<b>TOTAL EXPENDITURES</b>	\$ 42,000.00
<b>Excess (Deficiency) of Revenues over Expenditures</b>	\$ -
Other Outgo	\$ -
<b>Net Increase (Decrease) in Fund Balance</b>	\$ -
<b>ENDING FUND BALANCE</b>	\$ 54,543.00
<b>ENDING FUND BALANCE IN PERCENTAGE (%)</b>	130%

Fund 72 is used to account for fees collected pursuant to EC 76060.5 that provides for a student representation fee if approved by the students voting in the election.

<b>STUDENT FINANCIAL AID - FUND 74</b>	
<b>2024-25 Tentative Budget</b>	
<b>BEGINNING FUND BALANCE</b>	\$ (10,257.00)
Prior Year Adjustments	\$ -
<b>ADJUSTED BEGINNING FUND BALANCE</b>	\$ (10,257.00)
<b>REVENUES</b>	
Federal	\$ 25,356,150.00
State	\$ 14,818,857.00
<b>TOTAL REVENUES</b>	\$ 40,175,007.00
<b>EXPENDITURES</b>	
<b>TOTAL EXPENDITURES</b>	\$ -
<b>Excess (Deficiency) of Revenues over Expenditures</b>	\$ 40,175,007.00
Other Outgo (Student Financial Aid Expense)	\$ 40,175,007.00
<b>Net Increase (Decrease) in Fund Balance</b>	\$ -
<b>ENDING FUND BALANCE</b>	\$ (10,257.00)
<b>ENDING FUND BALANCE IN PERCENTAGE (%)</b>	0%

Fund 74 is used to account for the deposit and direct payment of government-funded student financial aid, including grants and loans or other monies intended for a similar purpose and the required district matching share of payments to students.

<b>GENERAL OBLIGATION - FUND 81</b>	
<b>2024-25 Tentative Budget</b>	
<b>BEGINNING FUND BALANCE</b>	\$ 34,184,100.00
Prior Year Adjustments	\$ -
<b>ADJUSTED BEGINNING FUND BALANCE</b>	\$ 34,184,100.00
<b>REVENUES</b>	
Financing Sources	\$ -
Local	\$ 950,000.00
<b>TOTAL REVENUES</b>	\$ 950,000.00
<b>EXPENDITURES</b>	
Supplies, Software, Subscriptions	\$ -
Services and Subscriptions	\$ -
Capital Outlay	\$ 35,116,840.00
<b>TOTAL EXPENDITURES</b>	\$ 35,116,840.00
<b>Excess (Deficiency) of Revenues over Expenditures</b>	\$ (34,166,840.00)
Other Outgo	\$ -
<b>Net Increase (Decrease) in Fund Balance</b>	\$ (34,166,840.00)
<b>ENDING FUND BALANCE</b>	\$ 17,260.00
<b>ENDING FUND BALANCE IN PERCENTAGE (%)</b>	0%

Fund 81 is used to account for the Measure J general obligation bond proceeds approved by voters in 2010.





# FINAL REMARKS

It is often said that budgets are an expression of our values, vision, and mission statement. This 2024-25 Tentative Budget Book, as presented, does exactly that: it reaffirms our tireless commitment to support our students, staff, and community.

If you recall, a few years ago, the State of California enjoyed unprecedented economic years that provided local education agencies like Imperial Valley College with unparalleled cost of living adjustments and recurring one-time HEERF federal funds to offset the health and economic impact of the COVID-19 pandemic.

Fast forward to now, the State of California is experiencing new economic challenges with multiple years of projected budget deficits that will impact our fiscal stability soon. In January, the Governor projected a \$38 billion deficit for 2024-25 which, while significant, was smaller than that estimated by the Legislative Analyst's Office ("LAO").

In February, the LAO provided an updated estimate that substantially increased its own deficit projection based on revenue collections that continue to delay behind projections, which were nearly \$6 billion below projections at the end of March. In its update, the LAO recommended budget solutions that start with pulling back or reducing specified one-time and temporary spending that has yet to be disbursed or committed, with the largest amounts related to the environment, infrastructure, and housing.



The Governor's May Revision also reflects the lower-than-projected state revenues and now projects a total budget deficit of \$44.9 billion, an increase of \$7 billion over the \$38 billion estimated in the Governor's Budget. The proposal expects an additional \$28.4 billion deficit for 2025-26 (for deficits totaling about \$73 billion over two years). The Governor cautions that persistent inflation and elevated interest rates could hamper economic activity by more than projected and worsen budget conditions.

For now, the one thing certain is that the final enacted budget may look different than the May Revision proposal and will be developed through negotiations between the Governor and Legislature. Given the current inflationary conditions, higher unemployment rates, high interest rates, and global (i.e., Russia/Ukraine) conflicts, there will be risks to the state economy which will have a trickle-down effect to K-14 budgets.

At the local level, community colleges, like Imperial Valley College, face major budget challenges such as:

- Ongoing Pension Rate Increases
- Step and Column Increases
- Health and Welfare Rate Increases
- Unsettled Negotiations
- Liability Rate Increases



In the absence of adequate COLA increases, moving forward, the unrestricted general fund will have to bear the fiscal impact of these expensive increases.

A new SCFF hold harmless policy goes into effect in 2025-26, with an established funding floor in 2024-25. Specifically, beginning in 2025-26, districts are to receive no less total apportionment funding than they received in 2024-25. The intent of this policy is to provide a funding floor for districts experiencing enrollment declines. In addition, because the hold harmless amount will not grow by COLA each year, the intent is to eventually move all

districts off the hold harmless provision and into the regular SCFF formula calculations (whereby districts have incentives to enroll low-income students and have good outcomes for all students).