Adopted Budget 2026/27

Palomar Community College District

September 8, 2026

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Introduction

The Adopted Budget is the college's blueprint for revenue and expenditures in the 2026/27 fiscal year. The State of California enacted the 2026/27 budget at the end of June. Based on the state's budget, and the subsequent allocations made by the State's Chancellor's Office based on that budget, Palomar College has prepared the following budget documents. A great deal of thanks is owed to the fiscal team for the work they have done over the past several months preparing these documents.

Palomar College District

Governing Board

President	Holly Hamilton-Bleakley, Ph.D.
Vice President	Yvette Marie Acosta
Board Secretary	Judy Patacsil, PsyD
Trustee	Roberto Rodriquez
Trustee	Jacqueline Kaiser
Student Trustee	Ariel Fridman

Executive Leadership

Interim Superintendent/President	Tina Recalde, DPT, MS, ATC, CSCS
Interim Assistant Superintendent/Vice President, Finance and Administrative Services	Chris Yatooma
Assistant Superintendent/Vice President, Human Resources	Anna Pedroza
Interim Assistant Superintendent/Vice President, Instruction	Justin Smiley
Assistant Superintendent/Vice President, Student Services	Nick Mata

Budget Committee

Interim Vice President, Finance and Administrative Services	Chris Yatooma
Palomar Faculty Federation (PFF) Designee	Barbara Baer (Co-Chair)
Interim Vice President, Instruction	Justin Smiley
Vice President, Student Services	Nick Mata
Vice President, Human Resource Services	Anna Pedroza
Interim Dean, Enrollment Services	Amanda Horn, Ed.D.
Faculty Senate, President	Beth Pearson
Faculty Senate, Vice President	Kelly Falcone, Ed.D./ET
Past President Designee	Anastasia Zavodny, Ed.D.

Faculty Senate, Secretary Designee	Michael Mufson
Palomar Faculty Federation (PFF), Co-President	Lawrence Lawson
Palomar Faculty Federation (PFF)	Joel Glassman
Council of Classified Employees (CCE)	Anel Gonzalez
	Elizabeth Alvarado
	Jena Kruhmin
	Cheryl Kearse
	Carmelino Cruz
Administrative Association (AA)	Ann Jensen
Associate Student Government (ASG)	Jaren Harris
Confidential and Supervisory Team (CAST)	Michelle Fifield

Fiscal Services

Director, Fiscal Services	Ping Lee
Budget and Payroll Manger	Brandi Taveuveu
Manager, Student Financials and Cashiering	Cassandra Stone
Accounting Manager	Patrice Nya
Accountants	Susan Garland
	Gordana High
	Shawn McCann
	Pai Wang Smith
Business Systems Analyst	Sergio Almaraz
Senior Accounting Technician	Andrea Valdez Navor

Executive Summary

The executive summary outlines the district's unrestricted general fund or Fund 11. Part 1 addresses the fiscal year that just ended – 2025/26. Part 2 summarizes the new 2026/27 fiscal year.

Part 1 – 2025/26 Fiscal Year Summary

The district's adopted budgeted revenue equaled $166.5 million, and expenses were $173.8 million resulting in an anticipated **$7.2** million deficit. Here is how the district ended the fiscal year. Year End Actual revenues were as budgeted. However, actual expenses came in lower by $3.2 million. The net effect of the revenue and expenditure changes results in a **$4** million deficit.

Table - Budget to Actual 2025/26

	2025/26 Budget to Actuals			50% Law Adjustment Requirements
	Adopted Budget	Year End Actual	Variance	Fund 61
Revenue	**166,586,249**	**166,604,950**	**18,701**	
Expenses				
Academic	66,286,514	65,998,395	-288,119	
Classified	35,571,155	33,569,583	-2,001,572	-253,897
Benefits	50,970,092	48,314,388	-2,655,704	-148,597
Sal/Ben Savings	-1,833,591		1,833,591	
Supplies	1,415,216	1,220,060	-195,156	
Operations	15,773,635	15,586,939	-186,696	-1,194,967
Capital Outlay	1,223,842	1,367,195	143,353	
Transfers	4,414,752	4,546,131	131,379	1,597,461
Total Expense	**173,821,615**	**170,602,691**	**-3,218,924**	
Surplus/(Deficit)	-7,235,366	-3,997,741		-

2025/26 Budget to Actual Highlights

Revenues *came in overall as budgeted compared to the budgeted amounts*.

- Interest/local income, Apprenticeship funding, Lottery, Non-resident tuition, and other revenues came in $1.76 million higher but were offset by lower PT FAC Office Hours Reimbursement (cash basis) and other local revenues of $1.74 million.

Expenditures overall were lower by $3.2 million compared to the budgeted amounts.

- Academic salaries were lower by $288K. Full-Time Faculty costs were lower by $2.2 million, and Academic Administrators were lower by $370K. However, these savings were offset by higher Part-Time Faculty salaries, which came in $2.3 million higher than budgeted due to backfilling the full-time faculty retirements.
- Classified salaries came in $2 million lower than budgeted. Classified and Classified Administrators came in $2.5 million lower, and Instructional Aides came in $123K lower. However, these savings were offset by higher short-term hourly salaries of $666K.
- Benefits are lower by $2.65 million compared to the budgeted amount. Because we had lower full-time faculty costs and lower full-time classified costs, medical, retirement and tax costs are lower.
- Supply costs and operations costs were lower than budgeted by $195K and $107K, respectively. Capital outlay costs were $143K higher than budgeted.
- Transfer expenses (the support funds for police and the wellness center) were as budgeted.

Reserves

The beginning reserve balance in 2025/26 was $51.8 million and we expected to use $7.2 millions of reserves to cover the deficit. However, because we only experienced a $4 million deficit, we ended the 25/26 fiscal year with a $47.9 million reserve.

50% Law Adjustment. To comply with the state's 50% law requirement, the district moved $1.6 million in expenses from its unrestricted general fund (fund 11) to Fund 61. This is a common, end-of-year practice many districts engage in to meet this state requirement. Because this movement decreased Fund 11 expenditures to accommodate the 50% law, we increased expenses by an identical amount, $1.6

million, through a transfer expense to Fund 61. The funds moved represent some of the costs for the college's liability insurance premiums.

Part 2 – 26/27 Adopted Budget Summary

The district's budgeted revenue is $176 million, and budgeted expense is $180 million resulting in a $4.5 million budgeted deficit. As the table below shows, revenues have increased by $9.3 million compared to last year. Expenses also increased by $6.6 million compared to last year. On-going revenues are lower than on-going expenses, resulting in a $4.5 million expected deficit.

The details and narrative explanations of the 2026/27 budget appear after this executive summary where we show the revenues and expenditures in greater depth.

Table - Adopted Budget - 2026/27

	2025-26 Adopted Budget	2025-26 Actuals*	2026-27 Adopted Budget
Revenues	$ 166,586,249	166,604,950	$175,937,903
Expenditures	$ 173,821,615	170,602,691	$180,466,644
Surplus/(Deficit)	$ (7,235,366)	$ (3,997,741)	$ (4,528,741)
Reserves	$ 44,662,849	$ 47,900,474	$ 43,371,733
Board Reserve Policy (16.67%)	$ 28,976,063	$ 28,439,469	$ 30,083,790

Notes:

- *The district's deficit decreases to $4.5 million in 2026/27, which is $531K over the actual deficit amount in 2025/26.*
- *The district will continue to rely on its large reserve (fund balance) of $47.9 million to cover the expected $4.5 million deficit.*
- *The district remains roughly $13 million above the board's reserve policy level of $30 million.*
- *The district's revenues are higher by $9 million compared to last year's budgeted amount due to the state providing $2 million (1.44% COLA) to hold harmless districts to provide pregnancy leave, $5.6 million RDA transfers, higher interest income, STRS retirement revenues & office hours revenues.*

- *The district's expenditures are up by $6.6 million compared to last year with significant health care cost increases of 13%, salary increases for all eligible employees, and relatively modest increases in retirement and operational costs.*

All Funds Summary

This table shows the expected revenues and expenditures for all the funds administered by the district as of the 2026/27 Adopted Budget. The total of all funds is $586 million.

	Unrestricted General Fund	Restricted General Fund	Debt Service Funds	Child Development Fund	Capital Outlay Project Fund	Prop M Bond Construction Fund	Retiree Health
	11	12	22-25	33	41	42	69
Total Revenues	$226,614,958	$91,010,215	$86,928,383	$4,281,662	$40,964,865	$71,568,653	$12,395,294
Total Expenses, Debt, Transfers, & Other	$226,614,958	$91,010,215	$86,928,383	$4,281,662	$40,964,865	$71,568,653	$12,395,294

	Associated Student Trust	Student Representation Fee Trust	Student Body Center Fee	Student Financial Aid Trust	Scholarship and Loan Trust	Retiree Health Trust	TOTAL ALL FUNDS
	71	72	73	74	75	79	
Total Revenues	$335,842	$526,407	$207,600	$29,217,559	$1,470,966	$20,673,846	**$586,196,250**
Total Expenses, Debt, Transfers, & Other	$335,842	$526,407	$207,600	$29,217,559	$1,470,966	$20,673,846	**$586,196,250**

Fund 11 (Unrestricted General Fund)	Funds are UNRESTRICTED and available to meet the district's education mission. Palomar's main operating budget supports MOST of the district's ongoing operations.
Fund 12 (Restricted General Fund)	Funds are RESTRICTED. Funds provided by federal, state or local agencies through grant agreements to serve specific educational needs or populations (i.e., Disabled Students Funds).
Fund 22 -25 (Debt Service Fund)	Funds are RESTRICTED to pay for Measure M bonds. Property tax levies are deposited in these funds, and then payments are made to bond holders.
Fund 33 (Child Development Fund)	Funds are RESTRICTED for Child Development Centers.
Fund 41 (Capital Outlay Fund)	Funds are both RESTRICTED and UNRESTRICTED. Funds from the state - Scheduled Maintenance - are RESTRICTED. Redevelopment Agency (RDA) funds are UNRESTRICTED.

Fund 42 (Proposition M Bond Fund)	RESTRICTED to construction projects funded with approved bonds.
Fund 69 (Retiree Health Benefits Payment Account)	RESTRICTED to pay part of the annual retiree health benefit costs each year.
Fund 79 (Retiree Health Benefits Trust Account)	RESTRICTED to pay future retiree health benefit costs.
Other Funds	Other funds include the Scholarship Fund, Student Trust Funds, Energy Fund, Child Development Fund

Fund 11 – 2026/27 General, Unrestricted Funds

The following items (a through h) constitute the main budget displays for the district related to its unrestricted general fund for the current fiscal year – 2026/27. The notes after each budget display explain the year-over-year changes.

a. Revenue & Expenses Details with 2025/26 Budget to Actuals

BOARD REPORT - SEPTEMBER 2026
BUDGET TO ACTUALS AS OF JUNE 30, 2026

	FY 25-26 Adopted Budget	FY 25-26 Actuals	FY 26-27 Adopted Budget
Revenue			
A. Apportionment Revenue	$140,984,443	$140,984,443	$143,014,618
B. Ongoing Revenues			
Apprenticeship	$2,751,041	$3,419,587	$2,761,746
Other State Revenue/PT-FT Faculty	$6,995,932	$5,811,954	$7,451,996
Lottery (per FTES)	$2,829,370	$2,984,302	$2,883,820
Prior Year Lottery Adjustment	$0	($30,315)	
Mandated Costs	$572,422	$572,427	$532,207
Other Misc State Revenes	$5,017,431	$5,262,873	$5,514,849
B. Ongoing Revenues	$18,166,196	$18,020,828	$19,144,618
C. Local Revenue			
Nonresident Tuition	$1,397,957	$2,116,688	$2,117,500
Other local revenues	$6,037,653	$5,482,992	$6,038,666
C. Local Revenues	$7,435,610	$7,599,680	$8,156,166
Transfer In			$5,622,501
Total Revenues	**$166,586,249**	**$166,604,951**	**$175,937,903**

Expenditures			
Instructional Salaries - Full-Time Faculty	$28,898,512	$26,681,086	$27,385,025
Administrative Salaries	$13,584,062	$13,214,150	$13,819,355
Instructional Salaries - Part Time Faculty	$22,022,817	$24,045,668	$24,269,750
Non-Instructional Salaries - Part Time Faculty	$1,677,373	$2,057,491	$1,476,464
Cost of FTES Increases at RB Center	$103,750		$622,501
Total Academic Salaries	**$66,286,514**	**$65,998,395**	**$67,573,095**
Classified Salaries & Classified Adm.	$31,213,528	$28,667,271	$31,761,894
Instructional Aides - Full-Time	$1,872,845	$1,750,067	$2,004,192
Short-Term & Student Hourly	$1,867,448	$2,366,114	$1,920,021
Instructional Aides Hourly- Part-Time	$617,334	$786,131	$624,861
Total Classified Salaries	**$35,571,155**	**$33,569,583**	**$36,310,968**
31 - STRS	$15,581,144	$14,702,218	$16,299,623
32 - PERS	$9,642,003	$8,958,636	$9,779,429
33 - OASDI	$3,711,307	$3,593,866	$3,859,937
34 - HW	$20,109,945	$19,172,553	$22,964,011
35 - Unemployment	$251,160	$129,105	$209,905
36 - Workers' Compensation	$1,494,302	$1,580,923	$1,670,615
37 - APPLE	$164,531	$160,617	$188,108
39 - Other Benefits	$15,700	$16,470	$4,180
Total Benefits	**$50,970,092**	**$48,314,388**	**$54,975,808**
Contra Expense, Salary/Ben Savings	**($1,833,591)**		***($1,831,824)***
A. Salaries and Benefits	**$150,994,170**	**$147,882,366**	**$157,028,047**
40 - Supplies	$1,415,216	$1,220,060	$1,461,918
50 - Services	$15,773,635	$15,586,939	$16,294,165
60 - Capital Outlay	$1,223,842	$1,367,195	$1,264,229
72 - Other Outgo	$188,000	$364,785	$132,000
73 - Other Transfers	$4,226,752	$4,181,346	$4,286,285
B. Other Operating Expenses	**$22,827,445**	**$22,720,325**	**$23,438,597**
Total Expenditures	**$173,821,615**	**$170,602,691**	**$180,466,644**
Change In Fund Balance	**($7,235,366)**	**($3,997,740)**	**($4,528,741)**
Ending Fund Governing Board Reserve 16.67%	$28,976,063	$28,439,469	$30,083,790
TOTAL ENDING FUND BALANCE	**$44,662,849**	**$47,900,475**	**$43,371,734**
Total Compensation as % of Expense	**86.87%**	**86.68%**	**87.01%**

b. Fund 11 Revenue Details

Fund 11 - Revenue

	2025-26 Adopted	2026-27 Adopted	Change	% of Funds
A. Apportionment Revenue	$140,984,443	$143,014,618	$2,030,175	81.3%
B. Other State Revenues				
Apprenticeship	$2,751,041	$2,761,746	$10,705	1.6%
Full & Part Time Faculty Funding	$6,995,932	$7,451,996	$456,064	4.2%
Lottery (per FTES)	$2,829,370	$2,883,820	$54,450	1.6%
Mandated Costs	$572,422	$532,207	($40,215)	0.3%
Other Misc State Revenes	$5,017,431	$5,514,849	$497,418	3.1%
C. Local Revenue				
Nonresident Tuition	$1,397,957	$2,117,500	$719,543	1.2%
Other local revenues	$5,933,903	$6,038,666	$104,763	3.4%
RDA interfund transfer		$5,000,000	$5,000,000	2.8%
RDA Funds for RB Ctr FTES	$103,750	$622,501	$518,751	0.4%
Total Revenues	**$166,586,249**	**$175,937,903**	**$9,351,654**	100.0%

Notes:

- ***A. Apportionment revenue*** *increased by $2 million from the previous year. While the district remains in hold harmless in 26/27 and is not eligible for the 2.8% statutory COLA, it did receive a discretionary COLA of 1.44% to help pay for mandatory pregnancy leave. You can find this Apportionment Revenue on the State Chancellor's Office website:* [2026-27ad-exhibitr-jul2026.pdf]
- ***B. Other State Revenues***
  - *Apprenticeship: State reimbursement program for businesses that hire apprentices. Projection is based on the state's estimate.*
  - *Faculty Funding has 4 components totaling $7,451,996: 1. Full-Time Faculty hiring - $2.5M; 2. Part-Time (PT) Faculty compensation - $330K; 3. PT Faculty office hrs. - $2.2M; 4. PT Faculty Health Reimbursement - $2.5M.*

    Items 1 and 2 are determined by the chancellor's office; Office Hours and Health Benefit reimbursement dollars equal to the revenues received in 25/26. The state fully (100%) reimburses for health benefits and up to 90% reimburses for office hours; the district pays the 10%.
  - *Mandate revenues are based on prior year funded FTES.*
  - *Lottery funds are based on prior year FTES (resident and nonresident). FY 25-26 P2 of 14,846 R + 332 NR FTES times $190 per FTES. This estimate will change as overall state lottery proceeds change.*

- *Other Misc. Revenues: 1. STRS pass through of $5.2M; 2. $153K for BFAP (financial aid adm.) 3. $143K local share of enrollment fees.*
- *Nonresident Tuition $1.5M is adjusted slightly upward compared to last year in anticipation of higher enrollments and a small fee rate increase.*

- ***C. Other local revenues** consist of interest income of $3.3M, facility/ticket/vending/commission/MISC. revenue of $1.2M. We are using $3.3M in interest income but caution this is subject to federal interest rate fluctuations and warrants monitoring.*
  RDA Funds: We are using $5 million in RDA funds this year and the next two budget years to help pay for rising costs. These are temporary revenues that end after the 2028/29 FY. We are also using Poway RDA funds of $622K to increase enrollments at the Rancho Bernardo Center by 300 FTES.

c. Fund 11 Expenditure Details (salaries/labor) -

Salaries

	2025-26 Adopted	2026-27 Adopted	Change
Salaries			
Instructional Salaries - Full-Time Faculty	$28,898,512	$ 27,385,025	$ (1,513,487)
Administrative Salaries	13,584,062	13,819,355	235,293
Instructional Salaries - Part Time Faculty	22,022,817	24,269,750	2,246,933
Non-Instructional Salaries - Part Time Faculty	1,677,373	1,476,464	(200,909)
Cost of FTES Increases at RB Center	103,750	622,501	518,751
Total Academic Salaries	**$66,286,514**	**$ 67,573,095**	**$ 1,286,581**
Classified Salaries & Classified Adm.	$31,213,528	$ 31,761,894	$ 548,366
Instructional Aides - Full-Time	1,872,845	2,004,192	131,347
Short-Term & Student Hourly	1,867,448	1,920,021	52,573
Instructional Aides Hourly- Part-Time	617,334	624,861	7,527
Total Classified Salaries	**$35,571,155**	**$ 36,310,968**	**$ 739,813**

Notes:

- All full-time eligible employees received a salary increase based on an additional year of service (step increase) per contract.
- Overall, academic salaries increased by $1.3 million compared to the prior year. Full-time faculty salaries decreased by $1.5 million compared to last year. This reduction is the result of filling only eleven of the sixteen vacant faculty retirements from the past two years. In addition, the full-time faculty positions are budgeted much lower than the salaries of the retiring faculty, resulting in lower costs for the district. In contrast, part-

time faculty costs increased by $2 million over the prior year. This increase is due to adding $1 million to help generate FTES enrollment growth of 3.8%, or 570 FTES and to cover the additional workload of the full-time faculty retirements not budgeted in 2026/27.

- We are also increasing faculty costs by $622K specifically to fund FTES enrollment growth at the Rancho Bernardo Center with the aim of achieving 1,000 FTES enrollments and increased state funding of $2.4 million in 2027/28.
- Total classified salaries increased by $740K because of staff costs going up by annual step increases per contract. In addition, some of the increased costs are associated with out-of-class, interim assignments, and reclassifications.

d. Fund 11 Expenditure Details - Benefits

	2025-26 Adopted	2026-27 Adopted	Change
Benefits			
STRS - State Teachers Retirement Costs	$ 15,581,144	$ 16,299,623	$ 718,479
PERS - Public Employee Retirement Costs	9,642,003	9,779,429	137,426
Social Security and Medicare Costs	3,711,307	3,859,937	148,630
Health & Welfare - Medical, Dental, Vision, etc.	20,109,945	22,964,011	2,854,066
Unemployment Insurance	251,160	209,905	(41,255)
Workers' Compensation Ins.	1,494,302	1,670,615	176,313
APPLE - Retirement costs for part-time staff	164,531	188,108	23,577
Other Benefits - TB Tests	15,700	4,180	(11,520)
Total Benefits	**50,970,092**	**54,975,808**	**4,005,716**
Salaries and Benefits	**$ 152,827,761**	**$ 158,859,871**	**$ 6,032,110**
Contra Expense, Salary/Ben Savings	***(1,833,591)***	***(1,831,824)***	***1,767***
Salaries and Benefits including savings	**150,994,170**	**157,028,047**	**6,033,877**

Notes:

- Benefit costs increased from $50.9 million to $54.9 million or $4 million between 2025/26 and the new budget year.
- The largest year over year budgeted increase is in medical insurance costs accounting for $2.8 million, or 14%, of the new costs in 2026/27. All medical plans increased significantly compared to last year with Anthem rates increasing by 11.8%; Kaiser rates by 11.6% (Active) and 11.9% (HSA) to give just an example of the cost increases. Also, like last year, costs increased as employees moved from two parties to family plans in

significant numbers (20%). Part-Time Faculty health costs also increased in 26/27, which are fully reimbursed by the state, with that total cost estimated at $2.5 million.

- The costs for the two public retirement systems (PERS & STRS) increased as salaries increased, as have social security and medicare.. The increase for PERS was tempered by a rate reduction of 0.9% with this reduction saving the district $400K in PERS costs.
- Contra Expense- Salary/Ben savings will continue to be used in 2026/27. This is the budget amount of anticipated turnover in staff and the savings associated with that turnover. For 2026/27, we will continue to budget $1.8 million in salary savings.

e. Fund 11 Expenditure Details –

Operations Budget	FY 2025-2026	FY 2026-27	Change
Supplies	1,415,216	1,461,918	46,702
Services & Operations	15,773,635	16,294,165	520,530
Capital Outlay	1,223,842	1,264,229	40,387
Transfers	4,414,752	4,418,285	3,533
Total	$22,827,445	$23,438,597	$611,152

Notes:

- We increased all the operation budgets for 2026/27 by 3.3%, which is the Consumer Price Index. These increases, along with significant savings associated with lower electricity rates (going from 8 cents a Kw to 5 cents a Kw) and unused funds in our capital outlay budgets, will allow department budgets to receive augmentations, some significant and include HR receiving $200K to hire a medical benefits broker, and $300K to Information Services for security software. Department budget changes will be made after the Adopted Budget.
- Transfer expenses represent $3.32 million for police/security and $412K for student wellness ctr. and remaining funds for designated projects for commencement, co-curricular activities, and transcripts.

f. Fund 11 Multi-Year Projections -

Revenue

Revenues	FY 25-26 Adopted Budget	FY26-27 Adopted Budget	FY27-28 Projected Budget	FY28-29 Projected Budget	FY29-30 Projected Budget
A. Apportionment Revenue	$140,984,443	$143,014,618	$144,600,950	$149,957,694	$155,500,040
B. Other State Revenues	$18,166,196	$19,144,618	$19,776,390	$20,387,481	$21,021,531
C. Local Revenues	$7,331,860	$8,156,166	$8,425,319	$8,685,662	$8,955,786
D. Other Funding (RDA Funds Transferred)	$103,750	$5,622,501	$5,622,501	$5,000,000	$0
Total Revenues	**$166,586,249**	**$175,937,903**	**$178,425,161**	**$184,030,836**	**$185,477,357**
Expenditures					
Total Academic Salaries	**$66,286,514**	**$67,573,095**	**$68,832,569**	**$69,028,589**	**$69,856,932**
Total Classified Salaries	**$35,571,155**	**$36,310,968**	**$36,707,523**	**$37,148,013**	**$37,593,790**
Total Benefits	**$50,970,092**	**$54,975,808**	**$57,804,195**	**$60,419,016**	**$63,368,271**
Contra Expense, Salary/Ben Savings	**($1,833,591)**	**($1,831,824)**	**($1,861,305)**	**($1,883,641)**	**($1,906,244)**
A. Salaries and Benefits	**$150,994,170**	**$157,028,047**	**$161,482,983**	**$164,711,977**	**$168,912,748**
B. Other Operating Expenses	**$22,827,445**	**$23,438,597**	**$24,260,890**	**$24,940,195**	**$25,613,580**
Total Expenditures	**$173,821,615**	**$180,466,644**	**$185,743,873**	**$189,652,172**	**$194,526,328**
Expenditure Reductions (ongoing/cumulative)			-$2,000,000	-$2,000,000	-$3,000,000
Change In Fund Balance	**($7,235,366)**	**($4,528,741)**	**($5,318,712)**	**($1,621,336)**	**($2,048,971)**
Ending Fund Governing Board Reserve 16.67%	$28,976,063	$30,083,790	$30,630,104	30,948,217	31,260,639
TOTAL ENDING FUND BALANCE	**$44,662,849**	**$ 43,371,733**	**$38,053,020**	**$36,431,684**	**$34,382,713**
Total Compensation as % of Expense	**86.87%**	**87.01%**	**86.80%**	**86.71%**	**86.63%**
FTES - Revenues	14,952	15,522	15,755	15,991	16,231
FTES Rates Used - Revenue	2.00%	3.81%	0.5%	0.5%	0.5%
FTES - Expenditures	14,952	15,522	16,245	17,002	17,745
FTES Rates Used - Expenditures	2.0%	3.8%	4.66%	4.66%	4.37%

Notes:

Projections:

- The district's apportionment revenue increases by $2 million reflecting a 1.4% COLA for hold harmless districts to pay for pregnancy leave in 2026/27. Revenue increases significantly in 27/28 and 28/29 due to the district's increasing enrollments and the RB center qualifying for $2.4 million in state funding. Note, we are budgeting in 27/28, and the years beyond, FTES growth of 0.5%, which reflects pessimism over our ability to achieve higher enrollment growth and the inability of the state to fund higher enrollment growth. In short, our revenue projections are conservative.

- In 2026/27, the district is introducing $5 million in Redevelopment Agency (RDA) funds, which remain for a total of 3 years. These should be viewed as temporary in nature with the funds being withdrawn after 2028/29.
- RDA funds of $622,501 are also being used to specifically fund FTES enrollment growth at the Rancho Bernardo Center. These funds are designed to increase enrollments at the center, so the district can earn additional state funding mentioned above.

Expenditure Projections:

- Health & Welfare costs are projected to grow in the next 3 years (8% each year).
- All salaries (faculty, staff & administrators) are projected to increase every year by1.2% based on current salary step increases.
- We are increasing faculty costs each year to achieve FTES enrollment growth. The costs for additional faculty salaries to achieve the FTES growth are: 2026/27 = 577 FTES costing $980K; 2027/28 = 734 FTES costing $1.2 million; 2028/29 = 768 FTES costing $1.3 million; 2029/30 = 743 FTES costing $1.25 million. Note, in contrast to our revenue projections that are set at only 1.5% FTES growth, we are budgeting expenditures to capture FTES enrollments that range from 4% to 5%.
- We are also increasing faculty costs specifically to fund FTES enrollment growth at the Rancho Bernardo Center. The costs for additional faculty salaries & benefits are: 2025/26 = 50 FTES costing $103K; 2026/27 = 300 FTES costing $622K; 2027/28 = 300 FTES costing $622K. In 2028/29 the FTES cost ($622K) is moved to the part-time faculty expenditure line.
- We increased Administrator costs in 28/29 by $300K to reflect RB Ctr. Director and Dual Enrollment Director salaries no longer paid for by RDA dollars.

g. Fund 11 Assumptions

Fund 11 - FTES/Enrollment & Revenues

		2024-25 Actuals	2025-26 Actuals	2026-27 Adopted Budget	2027-28 Projection	2028-29 Projection	2029-30 Projection
REVENUE							
	State Apportionment Revenue						
	A) Hold Harmless/Funding Floor	140,984,443	140,984,443	143,014,618	143,014,618	143,014,618	143,014,618
	B) Stability (prior year plus COLA)	133,257,392	131,711,543	131,747,137	140,584,497	149,069,119	154,621,378
	C) Student Ctr. Funding Formula (SCFF)	128,750,286	126,303,458	136,093,414	144,600,950	149,957,694	155,500,040
	FTES/Enrollments						
	Resident FTES	14,654	14,952	15,522	15,599	15,677	15,756
	Yearly Percent Change	4.13%	2.00%	3.81%	0.50%	0.50%	0.50%
	CA DoF COLA	1.07%	2.30%	4.31%	3.30%	3.09%	3.11%
Expenditures							
	Salary						
	Step & Column (for currently filled positions)						
	AA/CAST/Exec	1.60%	1.60%	1.20%	1.20%	1.20%	1.20%
	Classified	1.50%	1.50%	1.20%	1.20%	1.20%	1.20%
	FT Faculty	1.40%	1.40%	1.20%	1.20%	1.20%	1.20%
	Benefits						
	Health and Welfare Premium Increase	5.10%	8.00%	8.00%	8.00%	8.00%	8.00%
	Weighted Average H&W Annual Premium	$23,056	(used for vacant positions as place holder)				
	Mandatory (Percent of Salary)						
	STRS	19.10%	19.10%	19.10%	19.10%	19.10%	19.10%
	PERS	27.05%	26.81%	26.40%	26.80%	25.90%	25.10%
	Social Security	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%
	Medicare	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
	Worker's Comp Insurance	1.59%	1.49%	1.61%	1.61%	1.61%	1.61%
	Unemployment Insurance	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
	APPLE (Alt Retirement Plan	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
	OPEB (Retiree Health Benefit)	$4,677	$4,677	$5,051	$5,455	$5,892	$5,892
	Other Expenses						
	CA CPI*	2.85%	3.40%	3.30%	3.00%	2.80%	2.70%

*Consumer Price Index (CPI) equals Adopted Budget numbers on Supplies, Operations, and Capital Outlay Expenditures.

h. Fund 11 Reserves, Deficits, Cautions and Comments -

Reserves

Palomar has a large reserve balance to start the 2026/27 Fiscal Year, which is $47.9 million, well above the $30 million board required level. Current and future budgets rely on this reserve to cover several years of projected deficits. By 2029/30, the college reserve balance is estimated to drop to roughly $34 million as shown in the multi-year budget projections table.

Deficits

Palomar's ongoing revenues are insufficient to cover the district's expenses. The projected deficit is estimated at $4.5 million in 2026/27. We are projecting deficits of $5.3 million in 2027/28, $1.6 million in 2028/29 and $2 million in 2029/30. These out-year deficits are lower because we introduce three years of ***temporary*** revenue from the Redevelopment Agency (RDA) funds in 2026/27 of $5 million each year and we expect state apportionment revenues to grow beyond the hold harmless floor starting in 2027/28 due to COLA and enrollment growth increases.

Cautions

The projected revenues in the multi-year projections *assume* modest growth each year of just 0.5%. We are being cautious with the revenue projections due to the state's history of not fully funding enrollment growth and the challenge of hitting FTES enrollments each year. We also assume the Rancho Bernardo (RB) Education Center will hit 1,000 FTES in 2026/27, which will increase funding by $2.4 million the following year. If we do not achieve these FTES enrollment numbers, we will receive less revenue from the state.

Comments

- The college needs to maintain and continue to focus on strategic hiring and expenditures that help achieve its FTES enrollment targets.
- The college needs to refrain from taking on any unfunded expenses such as hiring above the already budgeted amounts for personnel and operations and to scrutinize the backfilling of every vacant position before refilling it.
- As a caution, and while it has time to plan, the district should spend the 2026/27 fiscal year identifying programs and costs it can reduce or eliminate to help lower costs from $2 million to $3 million each year as represented in the multi-year budget projections.

Fund 12 – General, Restricted Funds

This fund contains over 129 programs/grants representing $91+ million in combined budgets and employs 120 full-time staff. Fund 12 dollars are RESTRICTED funds. That is, we receive grants and other revenue from the state, the federal government, and local public entities that restrict how the dollars can be spent. For example, we receive state funds to support disabled students. Those dollars must be spent on programs that support Palomar's disabled student population. Below we show all the Fund 12 programs operated by the college and their revenue.

FUND 12 - RESTRICTED FUNDS

2026/27 PROGRAMS

FEDERAL (19 Awards)	**AMOUNT**
TOTAL FEDERAL AWARDS AMOUNT:	**5,679,333**
STATE (76 Awards)	**AMOUNT**
TOTAL STATE AWARDS AMOUNT:	**73,516,516**
LOCAL (23 Awards)	**AMOUNTS**
TOTAL LOCAL AWARDS AMOUNT:	**5,093,195**
Local Self-Funded Projects (6 Projects)	**AMOUNT**
TOTAL SELF-FUNDED PROJECTS:	**5,861,907**
PRP Proects (5 Projects)	**AMOUNT**
TOTAL PRP PROJECTS:	**122,000**
FUND 12 UNRESTRICTED	737,264.00
Total Awards Amount:	**91,010,215**

Fund 41 – Redevelopment Agency (RDA), Scheduled Maintenance, Others

Funds are both RESTRICTED and UNRESTRICTED. Funds from the state - Scheduled Maintenance - are RESTRICTED. Redevelopment Agency (RDA) funds are UNRESTRICTED with the district using these dollars and appropriately transferring them as necessary to other funds as it meets IT needs, facilities, enrollments, and other district spending needs. Below we show all the Fund 41 revenues from RDAs, State Scheduled Maintenance, and local resources (mainly interest income) as of the start of the 2026/27 fiscal year.

FUND 41 - CAPITAL OUTLAY PROJECT FUND	
2026/27 PROJECTS	
RDA ESCONDIDO:	**7,570,324**
RDA POWAY:	**10,403,563**
RDA SAN MARCOS:	**9,849,948**
RDA VISTA:	**2,365,112**
STATE RESTRICTED CAPITAL OUTLAY PROJECTS	**AMOUNT**
FY21-22 HVAC REPL MULTI BLDGS	41,543
FY21-22 INSTLL ELEC DOOR HDWRE	250
FY21-22 INSTRUCTIONAL SUPPORT	5,107
FY22-23 INSTRUCTIONAL SUPPORT	557,191
FY22-23 PV SYS & BATTRY STORGE	261,150
FY22-23 HVAC UNIT REPLACEMENT	554,723
FY22-23 REPLACE LOCKERS	121,674
FY22-23 ESC STUCCO RPR & PAINT	897,411
FY22-23 REPAIR/REPLACE FLOORNG	380,580
FY22-23 ROAD RPR & H2O CNSRVTN	14,078
FY22-23 SIGNAGE & ACCESS IMPRV	82,566
FY22-23 ROOFING REPLACEMENT	75,000
FY22-23 ELEC & PLUMBG RPR/REPL	330,175
STUDENT HOUSING (PLANNING)	645,000
FY22-23 WINDOW REPL/UPGRADES	78,167
FY22-23 BAS CONTROLS SRVR REPL	36,809
FY23-24 SCHEDULED MAINTENANCE	54,927
TOTAL STATE RESTRICTED CAPITAL OUTLAY PROJECTS:	**4,136,351**
LOCAL INTERNAL	**AMOUNT**
UNRESTRICTED	4,760,247
SPRINT CELLULAR COMM TOWER	82,722
SAFETY ISSUES	41,848
PRKG LOT 1 RECONFIGURATN STUDY	2,925
NS140 RENOVATION	4,484
PRP ALLOCATIONS	289,598
PEOPLESOFT UPGRADE/UPDATE	757,900
EMERGENCY RESPONSE	587,736
E-AUCTION SURPLUS EQPMT SALES	112,107
TOAL LOCAL INTERNAL PROJECTS:	**6,639,567**
TOTAL FUND 41 - CAPITAL OUTLAY PROJECT FUND	**40,964,865**