ADMINISTRATIVE PROCEDURE 6250
BUDGET MANAGEMENT

I. Budget Calendar

In Spring of each academic year the Planning and Budget Council shall adopt a budget development calendar that identifies activities and sets dates for each step in the budget development process.

II. These principles are built upon the expectation that:

A. The District's annual budget is reflective of a sound and reasonable estimate of actual revenues and expenditures;
B. any significant increase or decrease in reserves will be purposeful, deliberate, and transparent; transfers in and out of the reserve fund will be transparent and reflected as an action item in the monthly agenda; and
C. all elements of the reserve will support and advance the mission of the District.

The District shall have four (4) reserves established:

1. Unrestricted General Fund Reserve
2. Capital Maintenance Reserve
3. Equipment Reserve
4. Bond Reserves

The Unrestricted General Fund Reserve

- 8%, with annual escalators per fiscal year of .05%. The base percentage shall grow each year based on a prescribed schedule and annual review of the Board of Trustees for the tentative and adopted budgets.

The Capital Maintenance and Equipment Reserves

The Board of Trustees has established a minimum base reserve. This base funding is designated as a minimum fund level within the specific reserve; however, it may be allocated if necessary for the fund's intended purposes. The reserves can be funded from annual utility savings, PG&E rebates, direct allocation to the fund via board action, or other items as approved by board resolution.

- Capital maintenance fund and equipment: $1 million base reserve.
- The Board must approve any transfer in or out of this fund of Trustees in a regularly scheduled meeting.

The Bond Reserves Fund

- The District will allocate any interest earned from bond proceeds, any state or other matching money, and any savings from any specific project to a "bond reserve" to be spent only with the authorization of the Governing Board. Each bond project has a budget associated with it, which may not be exceeded without the authorization of the Governing Board.

The Chancellor shall:

- Add revenues accruing to the District in excess of amounts budgeted to the District's unrestricted reserve for contingencies on an annual basis equal to or greater than 0.5% per annum until the reserve meets an 18% threshold. The Board of Trustees will review this escalator annually based on the current budget and economy.

- Maintain the unrestricted general fund reserve at/or above the following levels:
    - 8% for 2025/2026
    - 8.5% for 2026/2027
    - 9% for 2027/2028
    - 9.5% for 2028/2029
    - 10% for 2029/2030
    - 10.5% for 2030/2031

- Maintain and identify additional restricted reserves for short—and long-term liabilities specific to the OPEB Fund, PARS Fund (both 115 Trust Accounts), and ongoing increases to CalSTRS and CalPERS.

Six of the seven members of the Governing Board are required to approve transfers from the reserves for contingencies to any expenditure classification.

Review the reserve levels in the tentative budget annually, in percentages, to ensure the District is planning accordingly for economic indicators and long-term institutional planning.

III. Budget Presentation and Adoption

A. Preliminary budget

- No later than the last shared governance meeting in May, the Chief Operating Officer shall present the preliminary budget to the Planning and Budget Council.
- Between the time that the Preliminary Budget is developed and the Final budget is adopted, changes to the budget will be made as additional information is received from the state based on the state budget adoption process.

B. Tentative budget

The board will adopt a tentative budget no later than June 30. This budget will reflect changes made to the Preliminary Budget.

C. Final budget

As prescribed by the California Code of Regulations, Title V, Section 58305, the Board will adopt a final budget for the District by September 15. This budget reflects changes made to the Tentative Budget and provides the operational budget base for the fiscal year of adoption.

IV. Budget Presentation and Adoption

It is the responsibility of the Manager to control the budget(s) within his/her assignment. It is the responsibility of the Planning and Budgeting Council (PBC) and college shared governance bodies to provide oversight and consultation. The Chief Operating Officer's office will provide budget reports and assistance in budget analysis and management as required to support the colleges and the District Service Center.

References:

Education Code Section 70902 (b) (5)
Title 5 Sections 58300 et seq. ACCJC
Accreditation Standard III.D

Approved by the Chancellor: September 24, 2012 Revised
and approved by the Chancellor: June 15, 2015 Revised
and approved by the Chancellor: March 13, 2017
Revised and approved by the Chancellor: September 14, 2018
Revised and approved by the Chancellor: April 8, 2025