

ATTACHMENT 1
BOARD OF GOVERNORS OF THE CALIFORNIA COMMUNITY COLLEGES
Proposed Revisions to Title 5 Regulations

California Code of Regulation
Title 5. Education
Division 6. California Community Colleges
Chapter 9. Fiscal Support
Subchapter 4. Budgets and Reports

Section 58310 of subchapter 4 of chapter 9 of division 6 of title 5 of the California Code of Regulations is amended to read:

§ 58310. Report on District's Financial Condition.

The chief executive officer or other designee of the governing board of each district shall regularly report in detail to the governing board of the district the district's financial condition and shall submit reports showing the financial and budgetary conditions of the district, including outstanding obligations, to the governing board at least once every three months. The chief executive officer or other designee shall also prepare a quarterly report on forms provided by the Chancellor. The district shall submit a copy of the certified report to the appropriate county offices and the Chancellor no later than forty-five days following the completion of ~~each quarter~~ the first, second, and third quarter of the fiscal year. The certified report shall be reviewed by the district governing board at a regularly scheduled meeting and entered into the minutes of the meeting.

Upon review and analysis of the report, the Chancellor or his/her designee shall determine if follow-up or intervention is needed. Intervention may be necessary if a district's financial data indicate a high probability that, if trends continue unabated, the district will need an emergency apportionment within three years or that the district is not in compliance with the principles of sound fiscal management specified in section 58311. Such follow-up or intervention may include, but shall not be limited to, requiring the submission of additional or more frequent reports, requiring the district to respond to

specific concerns, and directing the district to prepare and adopt a detailed plan for achieving fiscal stability and an educational plan demonstrating the impact of the fiscal plan on the district's educational program.

Intervention may also include the assignment of a special trustee having the authority described in section 58312 to any district that requires intervention within the five fiscal years immediately following the ending date of the services of a previously assigned special trustee. The renewed assignment of a special trustee under this paragraph may be made upon a finding by the Chancellor or his/her designee that if trends continue unabated, the district will need an emergency apportionment within three years or that the district is noncompliant with the principles of sound fiscal management specified in section 58311, except that the special trustee may only assume management and control of the district if authorized to do so by the Board of Governors. The costs incurred by the performance of the special trustee shall be paid in the manner described in subdivision (f) of section 58312 from funds which would have otherwise been apportioned to the district.

The Chancellor shall develop and maintain procedures for the administration of the fiscal monitoring program specified in Education Code section 84040 and this section.

Note: Authority cited: Sections 66700, 70901 and 84040, Education Code. Reference: Section 70901, Education Code.