

TO: Chief Business Officers

FROM: Chris Ferguson
Executive Vice Chancellor, Finance and Strategic Initiatives

RE: Fiscal Advisory: Changes to Federal Capitalization Threshold

The purpose of this memorandum is to provide guidance to districts on the changes to federal regulations for the capitalization threshold for capital expenditures.

Federal Changes

Effective October 2024, the updated federal regulations under Title 2 U.S. Code of Federal Regulations (CFR) Part 200, increased the capitalization threshold for capital expenditures from \$5,000 to \$10,000 to reduce administrative burden and reflect current economic data.

Guidance to Districts

Districts can adjust their capitalization policies to align with the federal guidance as of the effective implementation date; however, it is allowable to keep the district policy more restrictive than the federal guidance. The Chancellor's Office will update the guidance in the Budget and Accounting Manual (BAM) during the next scheduled update; however, districts may update their policies at any time, as the federal regulations are already in effect.

Districts should review their current capitalization policies and document any changes. Additionally, districts should inform all relevant staff of these changes and consult with their auditors for any specific questions.

Contact

For questions on the changes to the capitalization threshold please contact Lorena Romero at lromero@cccco.edu.

cc: Lorena Romero, Director, Fiscal Standards and Accountability