[PLACE ON LETTERHEAD]

[DATE]

*Via: Electronic Submittal:* [*https://calegislation.lc.ca.gov/Advocates/*](https://calegislation.lc.ca.gov/Advocates/)

The Honorable Bob Archuleta

Member, California State Senate

1021 O Street, Suite 6620

Sacramento, CA 95814

***Re: SB 1388, As Amended on March 18, 2024 Position: Oppose***

Dear Senator Archuleta:

On behalf of the \_\_\_\_\_\_\_\_ Community College District, I am writing in strong opposition to Senate Bill (SB) 1388. SB 1388 would place an artificial and inflexible limit on a district’s reserve, an affront to local control that prevents district leaders from making local funding decisions that are in the best interests of their students.

As the state faces current-year revenue shortfalls and a potential budget gap of more than $70 billion, districts will only be able to weather these hard times with reserves to bridge funding shortfalls over time so that more draconian cuts like layoffs are not needed in the future. While forcing districts to pay out these funds to employees on a one-time basis may immediately benefit employees, it makes more drastic employee cuts more likely in the long run and usurps collective bargaining agreements.

SB 1388 would also mean that colleges cannot set aside reserves for ever-increasing liabilities like pension costs, retiree health and welfare contributions, facilities repair and maintenance, etc. District prudently retain funds during good economic times—like the past few years—to use during harder economic times—which are imminently upon us. [IF YOUR DISTRICT IS IMPLEMENTING STUDENT HOUSING, INCLUDE: We are especially concerned this cap will negatively impact our district’s ability to set aside sufficient funds to build student housing in a time when homelessness is a top concern in the state.]

This bill creates a *maximum* reserve at the level that is recommended as a *minimum* by both the Government Finance Officers Association (GFOA) and the Chancellor’s Office. CCDs do not have a guaranteed backfill when revenues—state funds, property taxes, Education Protection Account, student fees—come up short. Reserves are critical to bridge these gaps and ensure that student programs continue to run smoothly despite financial uncertainties.

For these reasons, \_\_\_\_\_\_\_ Community College District opposes SB 1388.

Sincerely,

[PLEASE SIGN]

[YOUR NAME AND TITLE]

[ORGANIZATION]

CC: Members, Senate Education Committee