

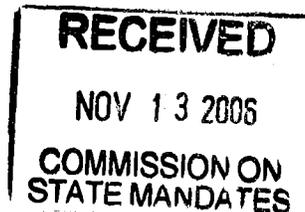


DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

November 9, 2006

Ms. Paula Higashi
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814



Dear Ms. Higashi:

As requested in your letter of October 19, 2006, the Department of Finance has reviewed the draft staff analysis of test claim No. CSM-01-TC-30 "Local Government Employment Relations" submitted by the County of Sacramento and the City of Sacramento (claimants). The claimants allege that specified costs were incurred under Chapter 901, Statutes of 2000.

The Draft Staff Analysis finds the following activities to be reimbursable:

1. Deduct from employees' wages the payment of dues or service fees required pursuant to an agency shop arrangement and transmit the fees to the employee organization.

Finance concurs with the Commission staff that this activity is reimbursable.

2. Receive from the employee any proof of in lieu fee payments made to charitable organizations required pursuant to an agency shop arrangement (Government Code section 3502.5, subdivision (c)).

The test claim statute requires an employee to submit proof to the local agency on a monthly basis that in lieu fee payments have been made in accordance with agency shop agreements established pursuant to Government Code section 3502.5, subdivision (b). The test claim statute does not require the local agency to take any action once this information is received. The local agency is not required to transmit the fee payments to charitable organizations as claimed by the claimant. Because the test claim statute does not specifically require the local agency to take any action related to in lieu fee payments, Finance disagrees with the Commission staff's finding that receiving proof of payment is a reimbursable activity.

3. Follow Public Employment Relations Board (PERB) procedures in responding to charges and appeals filed with PERB by an entity other than the local public agency employer.

These activities are discretionary and do not create reimbursable state mandated costs because local agencies have several alternatives available to them in handling employment relations cases. Local agencies can argue a case in front of PERB, externally develop a settlement, or resolve the issue internally. Furthermore, engaging in the PERB process

should generate savings to local agencies compared to a much lengthier and more expensive litigation process through the court system.

As required by the Commission's regulations, we are including a "Proof of Service" indicating that the parties included on the mailing list which accompanied your October 19, 2006 letter have been provided with copies of this letter via either United States Mail or, in the case of other state agencies, Interagency Mail Service.

If you have any questions regarding this letter, please contact Carla Castañeda, Principal Program Budget Analyst at (916) 445-3274.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Dithridge", written over a horizontal line.

4 Thomas E. Dithridge
Program Budget Manager

Attachments

Attachment A

DECLARATION OF
DEPARTMENT OF FINANCE
CLAIM NO. CSM-01-TC-30

1. I am currently employed by the State of California, Department of Finance (Finance), am familiar with the duties of Finance, and am authorized to make this declaration on behalf of Finance.
2. We concur that the sections relevant to this claim are accurately quoted in the test claim submitted by claimants and, therefore, we do not restate them in this declaration.

I certify under penalty of perjury that the facts set forth in the foregoing are true and correct of my own knowledge except as to the matters therein stated as information or belief and, as to those matters, I believe them to be true.

11/09/06
at Sacramento, CA

Carla Castañeda
Carla Castañeda

PROOF OF SERVICE

Test Claim Name: Local Government Employment Relations
Test Claim Number: CSM-01-TC-30

I, Antonio Lockett, the undersigned, declare as follows:

I am employed in the County of Sacramento, State of California, I am 18 years of age or older and not a party to the within entitled cause; my business address is 915 L Street, 12th Floor, Sacramento, CA 95814.

On November 9, 2006, I served the attached recommendation of the Department of Finance in said cause, by facsimile to the Commission on State Mandates and by placing a true copy thereof: (1) to claimants and nonstate agencies enclosed in a sealed envelope with postage thereon fully prepaid in the United States Mail at Sacramento, California; and (2) to state agencies in the normal pickup location at 915 L Street, Floor, for Interagency Mail Service, addressed as follows:

A-16
Ms. Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
Facsimile No. 445-0278

B-8
State Controller's Office
Division of Accounting & Reporting
Attention: Ginny Brummels
3301 C Street, Room 500
Sacramento, CA 95816

B-29
Legislative Analyst's Office
Attention Marianne O'Malley
925 L Street, Suite 1000
Sacramento, CA 95814

Mr. Allan Burdick
MAXIMUS
4320 Auburn Boulevard, Suite 2000
Sacramento, CA 95841

County of Los Angeles
Department of Auditor-Controller
Kenneth Hahn Hall of Administration
Attention: Leonard Kaye
500 West Temple Street, Suite 525
Los Angeles, CA 90012

County of San Bernardino
Office of Auditor / Controller-Recorder
Attention: Bonnie Ter Keurst
222 West Hospitality Lane, Fourth Floor
San Bernardino, CA 92415 - 0018

Wellhouse and Associates
Attention: David Wellhouse
9175 Kiefer Boulevard, Suite 121
Sacramento, CA 95826

Mr. Steve Shields
Shields Consulting Group, Inc.
1536 36th Street
Sacramento, CA 95816

Mr. Steve Keil
California State Association of Counties
110 K Street, Suite 101
Sacramento, CA 95814-3941

B-08
Mr. Jim Spano
State Controller's Office
Division of Audits
300 Capitol Mall, Suite 518
Sacramento, CA 95814

County Executive
County of Sacramento
711 G Street
Sacramento, CA 95814

C-50
Director
Department of Industrial Relations
770 L Street
Sacramento, CA 95814

Ray Kerridge
City of Sacramento
915 "I" Street, 5th Floor
Sacramento, CA 95814

D-12
Executive Director
Public Employment Relations Board
1031 18th Street
Sacramento, CA 95814-4174

Mr. J. Bradley Burgess
Public Resource Management Group
1380 Lead Hill Blvd, Suite #106
Roseville, CA 95661

Ms. Annette Chinn
Cost Recovery Systems, Inc
705-2 East Bidwell Street, #294
Folsom, CA 95630

D-12
Mr. Robert Thompson
Public Employment Relations Board
General Counsel
1031 18th Street
Sacramento, CA 95814-4174

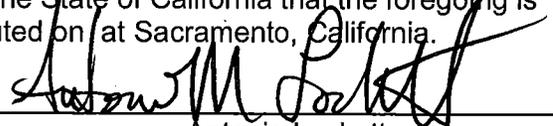
A-15
Ms. Carla Casteneda
Department of Finance
915 L Street, Suite 1280
Sacramento, CA 95814

Mr. Glen Everroad
City of Newport Beach
3300 Newport Blvd.
P O Box 1768
Newport Beach, CA 92659-1768

Ms. Beth Hunter
Centration, Inc.
8570 Utica Avenue, Suite 100
Rancho Cucamonga, CA 91730

A-15
Ms. Susan Geanacou
Department of Finance
915 L Street, Suite 1280
Sacramento, CA 95814

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on (at Sacramento, California).


Antonio Lockett

ICC: DITHRIDGE, LYNN, CASTANEDA, TIFFANY, GEANACOU, FEREBEE, FILE
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