

ITEM 3
TEST CLAIM
PROPOSED DECISION

Government Code Sections 3502.3(a)-(c)
Statutes of 2024, Chapter 409, Section 2 (AB 2561)

Local Public Employees: Vacant Positions

25-TC-01

County of Sacramento, Claimant

EXECUTIVE SUMMARY

Overview

This Test Claim alleges new state-mandated activities and costs that arise out of Government Code section 3502.3(a)-(c), as added by the test claim statute to the Meyers-Milias-Brown Act, which require that:

- “Public agencies” (defined to include counties, cities, and special districts) give an annual presentation on the status of vacancies and recruitment and retention efforts at a public hearing before their governing body prior to adopting an annual or multiyear budget;
- Entitle the recognized employee organization that represents a bargaining unit to give its own presentation at the same public hearing at which the public agency presents the status of vacancies and recruitment and retention efforts for that bargaining unit; and
- If the number of job vacancies within a bargaining unit meet or exceed 20 percent of the total number of authorized full-time positions, upon the request of the recognized employee organization, the public agency shall include in its presentation at the public hearing the total number of job vacancies within that bargaining unit, the total number of applicants for vacant positions within that bargaining unit, the average number of days to complete the hiring process from when a position is posted, and opportunities to improve compensation and other working conditions.¹

The purpose of this test claim statute is to ensure that public agency operations are appropriately staffed and that high vacancy rates do not undermine public employee labor relations.²

¹ Government Code section 3502.3(a)-(c).

² Statutes of 2024, chapter 409, section 1.

No comments were filed on the Draft Proposed Decision.

Staff recommends that the Commission approve this Test Claim as specified herein.

Commission Responsibilities

Under article XIII B, section 6 of the California Constitution, local agencies and school districts are entitled to reimbursement for the costs of state-mandated new programs or higher levels of service. In order for local government to be eligible for reimbursement, one or more similarly situated local agencies or school districts must file a test claim with the Commission. “Test claim” means the first claim filed with the Commission alleging that a particular statute or executive order imposes costs mandated by the state. Test claims function similarly to class actions and all members of the class have the opportunity to participate in the test claim process and all are bound by the final decision of the Commission for purposes of that test claim. The Commission is the quasi-judicial body vested with exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6 of the California Constitution and not apply it as an “equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities.”³

Claims

The following chart provides a brief summary of the claims and issues raised and staff’s recommendation.

Issue	Description	Staff Recommendation
Was the Test Claim timely filed?	Government Code section 17551(c) requires test claims “be filed not later than 12 months following the effective date of a statute or executive order, or within 12 months of incurring increased costs as a result of a statute or executive order, whichever is later.” Section 1183.1(c) of the Commission’s regulations defines “12 months” as 365 days. Government Code section 17557(e) requires: “A test claim shall be submitted on or before June 30	<i>Yes, timely filed with a period of reimbursement beginning January 1, 2025, the statute’s effective date—</i> The test claim statute became effective on January 1, 2025. The test claim was filed on December 8, 2025, within 365 days of the test claim statute’s effective date. ⁴ Additionally, Rural Counties Representatives of California (RCRC) requested that Finance negotiate a legislatively

³ *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1281, citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.

⁴ Exhibit A, Test Claim, page 1.

Issue	Description	Staff Recommendation
	following a fiscal year in order to establish eligibility for reimbursement for that year.” Government Code section 17573(b) tolls the statute of limitations for filing a test claim in section 17551 during negotiations regarding a legislatively determined mandate (LDM) from the date a local agency, school district, or statewide organization contacts the Department of Finance or responds to Finance’s request to initiate a joint request for an LDM, to the date on which one of the parties notifies the other of its decision to not submit an joint request to the Legislature for an LDM. The parties are required to provide written notification to the Commission of the date local agencies initiate or respond to a request to initiate a joint LDM.	determined mandate (LDM), pursuant to Government Code sections 17573 and 17574, for the reimbursement of costs from the test claim statute.⁵ This tolled the statute of limitations to file a test claim until April 17, 2026, when Finance issued a notice that it would not be proceeding with the LDM.⁶ As the Test Claim was filed both within the normal statute of limitations under section 17551(c) and before the tolling period ended, it is timely based on either method.
Does Government Code section 3502.3(a)-(c), as added by Statutes of 2024, chapter 409, section 2,	Government Code section 3502.3(a) requires public agencies to present the status of their vacancies and recruitment and	<i>Approve.</i> The test claim statute mandates a new program or higher level of service

⁵ Exhibit F (1), Rural County Representatives of California’s Letter of Intent to Initiate a Joint Request for a Legislatively Determined Mandate. See *Local Public Employees: Vacant Positions*, 25-LDM-01, <https://csm.ca.gov/matters/25-LDM-01.shtml> (accessed May 28, 2026).

⁶ Exhibit F (2), Finance’s Denial of Request to Initiate a Joint Request for a Legislatively Determined Mandate. See *Local Public Employees: Vacant Positions*, 25-LDM-01, <https://csm.ca.gov/matters/25-LDM-01.shtml> (accessed May 28, 2026).

Issue	Description	Staff Recommendation
impose a reimbursable state-mandated program?	retention efforts at least once per fiscal year at a public hearing before their governing body. This must occur before the adoption of a final budget, if the governing body will be adopting an annual or multiyear budget that fiscal year.⁷ During the public hearing, the public agency shall identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process.⁸ Government Code section 3502.3(b) says that the recognized employee organization for a bargaining unit shall be entitled to make its own presentation at the same public hearing when the public agency presents the statute of vacancies and recruitment and retention efforts for positions within that bargaining unit. Additionally, if the number of job vacancies within a bargaining unit meets or exceeds 20 percent of the total number of authorized full-time positions, the public agency shall, upon	on cities, counties and special districts that are subject to the tax and spend limitations of the California Constitution for the requirements not previously required by law. However, any activities triggered by the test claim statute that are required to comply with the Brown Act or the CPRA are not eligible for reimbursement, as they have been constitutionally excluded from reimbursement.¹⁰ In addition, there is evidence in the record that the claimant incurred increased costs mandated by the state pursuant to Government Code section 17514, and no exceptions under section 17556 apply.

⁷ Government Code section 3502.3(a)(2).

⁸ Government Code section 3502.3(a)(3).

¹⁰ See California Constitution article I, section 3(b)(7); article XIII, section 36(c)(3); and article XIII B, section 6(a)(4).

Issue	Description	Staff Recommendation
	the request of the recognized employee organization, include in its presentation at the public hearing: (1) the total number of job vacancies within the bargaining unit; (2) the total number of applicants for vacant positions within the bargaining unit; (3) the average number of days to complete the hiring process from when a position is posted; and (4) opportunities to improve compensation and other working conditions. ⁹	

Staff Analysis

This Test Claim alleges new state-mandated activities and costs that arise out of Government Code section 3502.3(a)-(c).

Staff finds the Test Claim was timely filed on December 8, 2025, pursuant to Government Code section 17551 since it was filed within one year of the statute's effective date.¹¹ Furthermore, on October 15, 2025, Rural County Representatives of California (RCRC) notified the Commission of its request to initiate a Legislatively Determined Mandate (LDM) for the test claim statute with the Department of Finance (Finance) pursuant to Government Code sections 17573 and 17574.¹² This tolled the deadline for filing a test claim until April 17, 2026, when Finance notified the Commission that it would not be proceeding with the LDM.¹³ As the Test Claim was filed both within the normal statute of limitations under section 17551(c) and before the

⁹ Government Code section 3502.3(c).

¹¹ Exhibit A, Test Claim.

¹² Exhibit F (1), Rural County Representatives of California's Letter of Intent to Initiate a Joint Request for a Legislatively Determined Mandate. See *Local Public Employees: Vacant Positions*, 25-LDM-01, <https://csm.ca.gov/matters/25-LDM-01.shtml> (accessed May 28, 2026).

¹³ Government Code section 17573(b), Exhibit F (2), Finance's Denial of Request to Initiate a Joint Request for a Legislatively Determined Mandate. See *Local Public Employees: Vacant Positions*, 25-LDM-01, <https://csm.ca.gov/matters/25-LDM-01.shtml> (accessed May 28, 2026).

tolling period ended, it is timely based on either method. The period for reimbursement for this Test Claim begins January 1, 2025, the statute's effective date.

Staff finds that the test claim statute imposes the following state-mandated requirements on counties, cities, and special districts subject to the tax and spend limitations of the California Constitution:¹⁴

- Present the status of vacancies and recruitment and retention efforts during a public hearing before the public agency's governing board at least once per fiscal year. If the governing board will be adopting an annual or multiyear budget during the fiscal year, the presentation shall be made prior to the adoption of the final budget. During the hearing, identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process.¹⁵
- Entitle the recognized employee organization for a bargaining unit to make a presentation at the public hearing at which the public agency presents the status of vacancies and recruitment and retention efforts for positions within that bargaining unit.¹⁶
- If the number of job vacancies within a single bargaining unit meets or exceeds 20 percent of the total number of authorized full-time positions, and upon request of the recognized employee organization, include all of the following information during the public hearing:
 - The total number of job vacancies within the bargaining unit.¹⁷
 - The total number of applicants for vacant positions within the bargaining unit.¹⁸
 - The average number of days to complete the hiring process from when a position is posted.¹⁹

¹⁴ *Department of Finance v. Commission on State Mandates* (2016) 1 Cal.5th 749, 763, quoting *County of San Diego v. State of California* (1997) 15 Cal.4th 68, 81; *County of San Diego v. State of California* (1997) 15 Cal.4th 68, 81; *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1283; *County of Los Angeles v. Commission on State Mandates* (2003) 110 Cal.App.4th 1176, 1185, holding that reimbursement under article XIII B, section 6 is only required when a mandated new program or higher level of service forces local government to incur "increased actual expenditures of limited tax proceeds that are counted against the local government's spending limit."

¹⁵ Government Code section 3502.3(a).

¹⁶ Government Code section 3502.3(b).

¹⁷ Government Code section 3502.3(c)(1).

¹⁸ Government Code section 3502.3(c)(2).

¹⁹ Government Code section 3502.3(c)(3).

- Opportunities to improve compensation and other working conditions.²⁰

However, any activities triggered by the test claim statute that are requirements to comply with the Brown Act or the California Public Records Act (CPRA) are not eligible for reimbursement. The Brown Act requires notice and an agenda for public hearings and all public documents made available to the governing body shall be made available to the public.²¹ The local agencies' and recognized employee organizations' presentations would need to be included in the public hearing's notice and agenda, and all documents made available to the public. Additionally, recognized employee organizations may ask for a local agency's vacancy data and records related to the additional information required by Government code section 3502.3(c) be provided to it in advance of the public hearing, for the purpose of preparing its own presentation. These record requests would be covered by the CPRA. Costs for activities required to comply with the Brown Act are not eligible for reimbursement under article XIII, section 36 of the California Constitution.²² Likewise, article I, section 3(b)(7) of the California Constitution requires local agencies to comply with the CPRA and the Brown Act, while article XIII B, section 6(a)(4) states that reimbursement is not required for any activities within the scope of article I, section 3(b)(7).

Staff further finds that the state-mandated requirements are new and impose a new program or higher level of service within the meaning of article XIII B, section 6.²³ The test claim statute imposes unique requirements on local agencies and provides a service to the public by providing transparency and accountability regarding the local agencies' vacancy and retention status, and recruitment efforts.

Finally, evidence in the record supports the finding that the new state-mandated requirements result in increased costs mandated by the state pursuant to Government Code section 17514. The claimant has filed declarations signed under penalty of perjury claiming that it spent \$18,356.56 in fiscal year 2024-2025 on activities and tasks performed to comply with the test claim statute.²⁴ It also anticipates it will incur \$19,274 in fiscal year 2025-2026, and estimates state-wide costs for fiscal year 2025-2026 of

²⁰ Government Code section 3502.3(c)(4).

²¹ Government Code section 54954.2(a) and 54954.3(a).

²² "Any requirement that a local agency comply with Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code, with respect to performing its Public Safety Services responsibilities, or any other matter, shall not be a reimbursable mandate under Section 6 of Article XIII B." California Constitution. article XIII, section 36(c)(3).

²³ *Carmel Valley Fire Protection District v. State of California* (1987) 190 Cal. App. 3d 521, 537, citing *County of Los Angeles v. State of California* (1987) 43 Cal. 3d 46, 56, emphasis in original.

²⁴ Exhibit A, Test Claim, pages 20-21 (Declaration of James Robbins, Division Chief, Department of Personnel Services, County of Sacramento).

\$10,407,960.²⁵ No evidence rebuts these declarations. None of the exceptions under Government Code section 17556 apply.

Conclusion

Based on the forgoing analysis, staff finds that that Government Code section 3502.3(a)-(c), as added by Statutes 2024, chapter 409, section 2, imposes a reimbursable state-mandated program within the meaning of article XIII B, section 6 of the California Constitution on counties, cities, and special districts subject to the tax and spend limitations of the California Constitution to do the following activities beginning January 1, 2025:

1. Present the status of vacancies and recruitment and retention efforts during a public hearing before the public agency's governing board at least once per fiscal year. If the governing board will be adopting an annual or multiyear budget during the fiscal year, the presentation shall be made prior to the adoption of the final budget. During the hearing, identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process.²⁶
2. Entitle the recognized employee organization for a bargaining unit to make a presentation at the public hearing at which the public agency presents the status of vacancies and recruitment and retention efforts for positions within that bargaining unit.²⁷
3. If the number of job vacancies within a single bargaining unit meets or exceeds 20 percent of the total number of authorized full-time positions, and upon request of the recognized employee organization, include all of the following information during the public hearing:
 - a. The total number of job vacancies within the bargaining unit.²⁸
 - b. The total number of applicants for vacant positions within the bargaining unit.²⁹
 - c. The average number of days to complete the hiring process from when a position is posted.³⁰
 - d. Opportunities to improve compensation and other working conditions.³¹

²⁵ Exhibit A, Test Claim, pages 21-22 (Declaration of James Robbins, Division Chief, Department of Personnel Services, County of Sacramento).

²⁶ Government Code section 3502.3(a).

²⁷ Government Code section 3502.3(b).

²⁸ Government Code section 3502.3(c)(1).

²⁹ Government Code section 3502.3(c)(2).

³⁰ Government Code section 3502.3(c)(3).

³¹ Government Code section 3502.3(c)(4).

Any costs incurred to comply with the notice and agenda requirements of the Brown Act or to comply with CPRA related to this mandated program are not eligible for reimbursement.³²

All other activities or costs requested in the Test Claim are not mandated by the state, but may be proposed for inclusion in the Parameters and Guidelines if they are supported by evidence in the record showing they are “reasonably necessary for the performance of the state-mandated program” in accordance with Government Code section 17557(a), and California Code of Regulations, title 2, sections 1183.7(d) and 1187.5.

Staff Recommendation

Staff recommends that the Commission adopt the Proposed Decision to approve the Test Claim and authorize staff to make any technical, non-substantive changes to the Proposed Decision following the hearing.

³² California Constitution, article XIII, section 36(c)(3) and article XIII B, section 6(a)(4).

BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

IN RE TEST CLAIM

Government Code section 3502.3(a)-(c)
Statutes 2024, Chapter 409, Section 2
(AB 2561)

Filed on December 8, 2025

County of Sacramento, Claimant

Case No.: 25-TC-01

*Local Public Employees: Vacant
Positions*

DECISION PURSUANT TO
GOVERNMENT CODE SECTION 17500
ET SEQ.; CALIFORNIA CODE OF
REGULATIONS, TITLE 2, DIVISION 2,
CHAPTER 2.5, ARTICLE 7.

(Adopted October 9, 2026)

DECISION

The Commission on State Mandates (Commission) heard and decided this Test Claim during a regularly scheduled hearing on October 9, 2026. [Witness list will be included in the adopted Decision.]

The law applicable to the Commission's determination of a reimbursable state-mandated program is article XIII B, section 6 of the California Constitution, Government Code sections 17500 et seq., and related case law.

The Commission [adopted/modified] the Proposed Decision to approve the Test Claim by a vote of [vote will be included in the adopted Decision], as follows:

Member	Vote
Lee Adams, County Supervisor	
Deborah Gallegos, Representative of the State Controller	
Karen Greene Ross, Public Member	
William Pahland, Representative of the State Treasurer, Vice Chairperson	
Michele Perrault, Representative of the Director of the Department of Finance, Chairperson	
Alexander Powell, Representative of the Director of the Governor's Office of Land Use and Climate Innovation	

Summary of the Findings

This Test Claim alleges new state-mandated activities and costs that arise out of Government Code section 3502.3(a)-(c), as added by the test claim statute to the Meyers-Milias-Brown Act, which require that "public agencies" (defined to include

counties, cities, and special districts) give an annual presentation on the status of vacancies and recruitment and retention efforts at a public hearing before their governing body prior to adopting an annual or multiyear budget; entitle the recognized employee organization that represents a bargaining unit to give its own presentation at the same public hearing at which the public agency presents the status of vacancies and recruitment and retention efforts for that bargaining unit; and if the number of job vacancies within a bargaining unit meet or exceed 20 percent of the total number of authorized full-time positions, upon the request of the recognized employee organization, the public agency shall include in its presentation at the public hearing the total number of job vacancies within that bargaining unit, the total number of applicants for vacant positions within that bargaining unit, the average number of days to complete the hiring process from when a position is posted, and opportunities to improve compensation and other working conditions.³³ The purpose of this test claim statute is to ensure that public agency operations are appropriately staffed and that high vacancy rates do not undermine public employee labor relations.³⁴

The Commission finds that this Test Claim was timely filed with a period of reimbursement beginning on the statute's effective date of January 1, 2025.³⁵

The Commission further finds that Government Code section 3502.3(a)-(c), as added by the test claim statute, imposes a reimbursable state-mandated program within the meaning of article XIII B, section 6 of the California Constitution, beginning January 1, 2025, requiring that counties, cities, and special districts subject to the tax and spend limitations of the California Constitution to do the following:

1. Present the status of vacancies and recruitment and retention efforts during a public hearing before the public agency's governing board at least once per fiscal year. If the governing board will be adopting an annual or multiyear budget during the fiscal year, the presentation shall be made prior to the adoption of the final budget. During the hearing, identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process.³⁶
2. Entitle the recognized employee organization for a bargaining unit to make a presentation at the public hearing at which the public agency presents the status of vacancies and recruitment and retention efforts for positions within that bargaining unit.³⁷
3. If the number of job vacancies within a single bargaining unit meets or exceeds 20 percent of the total number of authorized full-time positions, and upon request

³³ Government Code section 3502.3(a)-(c).

³⁴ Statutes of 2024, chapter 409, section 1.

³⁵ Exhibit A, Test Claim, page 1.

³⁶ Government Code section 3502.3(a).

³⁷ Government Code section 3502.3(b).

of the recognized employee organization, include all of the following information during the public hearing:

- a. The total number of job vacancies within the bargaining unit.³⁸
- b. The total number of applicants for vacant positions within the bargaining unit.³⁹
- c. The average number of days to complete the hiring process from when a position is posted.⁴⁰
- d. Opportunities to improve compensation and other working conditions.⁴¹

Any costs incurred to comply with the notice and agenda requirements of the Brown Act or to comply with CPRA related to this mandated program are not eligible for reimbursement.⁴²

All other activities or costs requested in the Test Claim are not mandated by the state, but may be proposed for inclusion in the Parameters and Guidelines if they are supported by evidence in the record showing they are “reasonably necessary for the performance of the state-mandated program” in accordance with Government Code section 17557(a), and California Code of Regulations, title 2, sections 1183.7(d) and 1187.5.

COMMISSION FINDINGS

I. Chronology

01/01/2025	Government Code section 3502.3 was added by Statutes of 2024, chapter 409, section 2 (AB 2561).
10/15/2025	Rural County Representatives of California (RCRC) notified Commission staff of its intent to develop a legislatively determined mandate (LDM) on the test claim statute. ⁴³
12/08/2025	The County of Sacramento (claimant) filed the Test Claim. ⁴⁴

³⁸ Government Code section 3502.3(c)(1).

³⁹ Government Code section 3502.3(c)(2).

⁴⁰ Government Code section 3502.3(c)(3).

⁴¹ Government Code section 3502.3(c)(4).

⁴² California Constitution, article XIII, section 36(c)(3) and article XIII B, section 6(a)(4).

⁴³ Exhibit F (1), Rural County Representatives of California’s Letter of Intent to Initiate a Joint Request for a Legislatively Determined Mandate. See *Local Public Employees: Vacant Positions*, 25-LDM-01, <https://csm.ca.gov/matters/25-LDM-01.shtml> (accessed May 28, 2026).

⁴⁴ Exhibit A, Test Claim.

02/17/2026	The Department of Finance (Finance) filed comments on the Test Claim. ⁴⁵
03/16/2026	RCRC filed late comments on the Test Claim. ⁴⁶
03/16/2026	The claimant filed rebuttal comments. ⁴⁷
04/17/2026	Finance notified Commission staff that it would not proceed with the LDM. ⁴⁸
06/29/2026	Commission staff issued the Draft Proposed Decision. ⁴⁹

II. Background

A. The Meyers-Milias Brown Act

Existing federal law, the National Labor Relations Act (NLRA), governs collective bargaining for the private sector, but leaves collective bargaining for the public sector up to the individual states.⁵⁰ In California, the Meyers-Milias-Brown Act (Government Code sections 3500-3511) governs collective bargaining relationships between local public agencies, defined to include counties, cities, and special districts,⁵¹ and their employees' unions. It addresses the formation and recognition of unions, the scope of representation, local agencies' ability to enact local rules, and meet and confer requirements, among other things.

The MMB Act was adopted to establish a system of communication between public employers and their employees for the purpose of resolving disputes regarding wages, hours, and other terms and

⁴⁵ Exhibit B, Finance's Comments on the Test Claim.

⁴⁶ Exhibit C, Rural County Representatives of California's Late Comments on the Test Claim.

⁴⁷ Exhibit D, Claimant's Rebuttal Comments.

⁴⁸ Exhibit F (2), Finance's Denial of Request to Initiate a Joint Request for a Legislatively Determined Mandate. See *Local Public Employees: Vacant Positions*, 25-LDM-01, <https://csm.ca.gov/matters/25-LDM-01.shtml> (accessed May 28, 2026).

⁴⁹ Exhibit E, Draft Proposed Decision.

⁵⁰ U.S.C.A., Title 29, section 151 et seq.

⁵¹ Government Code section 3501(c) defines "public agency" to mean "every governmental subdivision, every district, every public and quasi-public corporation, every public agency and public service corporation and every town, city, county, city and county and municipal corporation, whether incorporated or not and whether chartered or not." *Coachella Valley Mosquito and Vector Control Dist. v. California Public Employment Relations Bd.* (2005) 35 Cal.4th 1072, 1077 ("The Meyers-Milias-Brown Act (Gov. Code, §§ 3500–3511; hereafter the MMBA) governs collective bargaining and employer-employee relations for most California local public entities, including cities, counties, and special districts.").

conditions of employment. Other purposes of the act are to improve personnel management and employer-employee relations within the various public agencies in the state. The act provides a uniform basis for recognizing the right of public employees to join organizations of their own choice and to be represented by such organizations in their employment relationships with public agencies.⁵²

Previously, this act was primarily concerned with negotiations over the working conditions of current employees, and did not directly address adequate staffing as a major concern in those negotiations. The test claim statute added a new code section under this act, specifically dealing with the issue of vacant positions at local agencies.

B. The Test Claim Statute

In 2024, the Legislature passed the test claim statute, Statutes 2024, chapter 409 (AB 2561). The test claim statute added Government Code section 3502.3 to the Meyers-Milias Brown Act, which affects counties, cities, and special districts⁵³ to state the following:

- (a)
 - (1) A public agency shall present the status of vacancies and recruitment and retention efforts during a public hearing before the governing board at least once per fiscal year.
 - (2) If the governing board will be adopting an annual or multiyear budget during the fiscal year, the presentation shall be made prior to the adoption of the final budget.
 - (3) During the hearing, the public agency shall identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process.
- (b) The recognized employee organization for a bargaining unit shall be entitled to make a presentation at the public hearing at which the public agency presents the status of vacancies and recruitment and retention efforts for positions within that bargaining unit.
- (c) If the number of job vacancies within a single bargaining unit meets or exceeds 20 percent of the total number of authorized full-time positions, the public agency shall, upon request of the recognized employee organization, include all of the following information during the public hearing:
 - (1) The total number of job vacancies within the bargaining unit.
 - (2) The total number of applicants for vacant positions within the bargaining unit.

⁵² *Covina-Azusa Fire Fighters Union v. City of Azusa* (1978) 81 Cal.App.3d 48, 53-54.

⁵³ Government Code section 3501(c).

(3) The average number of days to complete the hiring process from when a position is posted.

(4) Opportunities to improve compensation and other working conditions.

(d) This section shall not prevent the governing board from holding additional public hearings about vacancies.

(e) The provisions of this section are severable. If any provision of this section or its application is held invalid, the invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

(f) For purposes of this section, “recognized employee organization” has the same meaning as defined in subdivision (a) of Section 3501.

Government Code section 3501(a), referenced in subdivision (f) above states that employee organizations are “any organization that includes employees of a public agency and has as one of its primary purposes representing those employees in their relationship with that public agency,” or “any organization that seeks to represent employees of a public agency in their relations with that public agency.” In other words, a union. Government Code section 3501(b) defines a “recognized employee organization,” as “an employee organization which has been formally acknowledged by the public agency as an employee organization that represents employees of the public agency.”

The test claim statute was born out of concern about the significant impacts to public service delivery, employee morale, and public employer labor relations caused by public agencies with high employee vacancies. The Legislature has been increasingly concerned about high public employee vacancies impacting government agencies’ ability to provide services to the public and found this to be an issue at both the state and local levels. On May 10, 2023, the Assembly Committee on Public Employment and Retirement held an informational hearing titled “Strengthening California through the Public Sector and Its Workforce,” at which panelists expressed significant concern about public employers relying on contingent, part-time, temporary, contracted out, or retired annuitant workforce to fill vacancies or perform duties which existing prospective employees would have been willing and capable to perform.⁵⁴ The Committee found that relying on these forms of employment has negative impacts on wage growth, employee morale, employer-employee relations, and the consistency and quality of services provided to the public.⁵⁵ The University of California, Berkeley Labor Center reportedly found that some counties have employee vacancy rates as high as 30

⁵⁴ Exhibit F (3), Assembly Committee on Public Employment and Retirement, Analysis on AB 2561, as amended March 11, 2024, page 3.

⁵⁵ Exhibit F (3), Assembly Committee on Public Employment and Retirement, Analysis on AB 2561, as amended March 11, 2024, page 3.

percent.⁵⁶ The Senate Committee on Labor, Public Employment, and Retirement also found high vacancies negatively impact the quality of services provided, and the increased workloads on remaining employees lead to employee burnout and turnover as employees leave public service in favor of private sector jobs, compounding the issues.⁵⁷ The Assembly Committee on Public Employment and Retirement held another hearing on this topic on April 17, 2024, specifically discussing civil service vacancies, the impacts of vacancies on civil service workers and services, and collaborative solutions for addressing civil service vacancies.⁵⁸ A California State Auditor report also found that high vacancies at the state's Labor Commissioner's Office created a backlog of wage theft claims that caused it to take more than six times longer than the statutorily created timeline to process a claim.⁵⁹

The exact causes of these vacancies and how much they are within the public agencies' control vary wildly from case to case. Supporters of the test claim statute believed that the problem is not because of a lack of qualified people to fill the vacant positions, but a combination of factors, such as unsustainable workloads and compensation rates.⁶⁰ Contrasting this claim, opponents of the test claim statute blamed a nationwide shortage of workers for certain specialized positions due to an aging population and dwindling pipeline of new recruits, service expansion, and competition with other public agencies and the private sector.⁶¹ The bill's opponents also traced the issues back to the State level, and blamed the Legislature and Governor for policies enacted during the Covid-19 pandemic that local agency workers were forced to implement, performing thankless and seemingly endless work on the front lines as they completely transformed their systems for providing services to the public without adequate support from the state, which lead to significant burnout.⁶² The Covid-19 pandemic also caused an increased demand for remote work, which is a benefit that is not available for all public agency

⁵⁶ Exhibit F (4) Senate Committee on Labor, Public Employment, and Retirement, Analysis on AB 2561, as amended June 27, 2024, page 4.

⁵⁷ Exhibit F (4) Senate Committee on Labor, Public Employment, and Retirement, Analysis on AB 2561, as amended June 27, 2024, page 4.

⁵⁸ Exhibit F (3), Assembly Committee on Public Employment and Retirement, Analysis on AB 2561, as amended March 11, 2024, page 4.

⁵⁹ Exhibit F (4) Senate Committee on Labor, Public Employment, and Retirement, Analysis on AB 2561, as amended June 27, 2024, page 3.

⁶⁰ Exhibit F (4) Senate Committee on Labor, Public Employment, and Retirement, Analysis on AB 2561, as amended June 27, 2024, page 4.

⁶¹ Exhibit F (3), Assembly Committee on Public Employment and Retirement, Analysis on AB 2561, as amended March 11, 2024, page 5.

⁶² Exhibit F (4) Senate Committee on Labor, Public Employment, and Retirement, Analysis on AB 2561, as amended June 27, 2024, page 4.

roles.⁶³ On the other hand, there is also some evidence of public agencies that are reliant on contingent, part-time-temporary, or contracted workers as a cheaper alternative to filling their vacant positions.⁶⁴ Some public agencies even use their vacancies as justification for hiring temp workers or contracting out bargaining unit work to private contractors, without attempting to first fill the vacancies themselves.⁶⁵ Discussions on how public agencies should implement the test claim statute also acknowledged that some public agencies intentionally leave vacancies open so the public agency can use “vacancy savings” to balance the budget.⁶⁶

Early drafts of the test claim statute required public agencies with high bargaining unit vacancy rates to meet and confer with representatives of their recognized employee organizations to discuss their vacancies, and required the public agencies to also produce, publish, and implement a plan for filling all vacancies within a mandatory deadline.⁶⁷ Another version required that a public hearing be held within 90 days of meeting and conferring with a recognized employee organization to specifically discuss the high vacancy rate, obstacles to the hiring process, and strategies for filling the vacancies.⁶⁸ The definition of what was considered a high bargaining unit vacancy rate was also much more strict, one version defining it as exceeding 10 percent for more than 90 days within the past 180 days in one version, while another defined it as 15 percent or more of the budgeted permanent full-time equivalent positions for classifications within a department going unfilled for 180 days or more.

The final approved version was significantly scaled down from what was initially discussed and instead requires all public agencies to present information on their vacancies, recruitment, and retention efforts at least once per year at a public hearing

⁶³ Exhibit F (4) Senate Committee on Labor, Public Employment, and Retirement, Analysis on AB 2561, as amended June 27, 2024, page 5.

⁶⁴ Exhibit F (6) Senate Committee on Appropriations, Analysis on AB 2561, as amended August 23, 2023, page 8.

⁶⁵ Exhibit F (7), Assembly Floor Analysis on AB 2561, as amended August 23, 2024, page 2; Exhibit F (9), Kerianne Steele, Wienberg, Roger, and Rosenfeld, *AB 2561 An Attempt to Tackle the Public Sector Vacancy Crisis*, November 20, 2024, <https://www.unioncounsel.net/public-sector-news/ab-2561-an-attempt-to-tackle-the-public-sector-vacancy-crisis> (accessed April 27, 2026), page 1.

⁶⁶ Exhibit F (10), Fanni Acosta, Regional Governmental Services Authority, *Addressing Vacancies: Taking a Closer Look at California’s New Law, AB 2561*, February 11, 2025, <https://rgsjpa.org/addressing-vacancies-taking-a-closer-look-at-californias-new-law-ab-2561/> (accessed April 15, 2026), page 3; Exhibit F (8), Atkinson, Andelson, Loya, Ruud & Romo, *AB 2561 Requires Public Agencies to Present Annual Update on Vacancies*, October 9, 2024, <https://www.aalrr.com/newsroom-alerts-4081> (accessed April 15, 2026), page 2.

⁶⁷ See AB 2561, as amended March 11, 2024.

⁶⁸ AB 2561, as amended July 2, 2024.

before their governing body, and requires additional specific information if the number of vacancies within a bargaining unit meets or exceeds 20 percent of the authorized full-time positions, if requested by the bargaining unit. In addition, instead of requiring the public agencies meet and confer with the recognized employee organizations, the test claim statute grants the recognized employee organizations the right to give their own presentations at the same public hearing before the governing body.

According to the bill's author,

“[This bill] will address the critical issue of high vacancy rates within local public agencies in California,” and “... aims to ensure that essential public services are adequately staffed while upholding the rights and interests of public employees. By mandating collaboration between public agencies and recognized employee organizations to develop comprehensive plans to fill vacancies, [this bill] promotes transparency, effective staffing, and positive labor relations.” Further, “... by implementing these measures, we can strengthen our public workforce and better serve our communities.”⁶⁹

AB 2561 included findings that

- (a) Job vacancies in local government are a widespread and significant problem for the public sector affecting occupations across wage levels and educational requirements.
- (b) High job vacancies impact public service delivery and the workers who are forced to handle heavier workloads, with understaffing leading to burnout and increased turnover that further exacerbate staffing challenges.
- (c) There is a statewide interest in ensuring that public agency operations are appropriately staffed and that high vacancy rates do not undermine public employee labor relations.⁷⁰

It also included an assertion that “No reimbursement shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code for costs mandated by the state pursuant to this act.”⁷¹ However, the Senate Committee on Appropriations acknowledged the Legislature does not have the power to override the Commission’s authority to determine whether something is a reimbursable state-mandated program within the meaning of Article XIII B, section 6 of the California Constitution, and thus local agencies may pursue any remedies they have available to

⁶⁹ Exhibit F (3), Assembly Committee on Public Employment and Retirement, Analysis on AB 2561, as amended March 11, 2024, page 4.

⁷⁰ Statutes 2024, chapter 409, section 1.

⁷¹ Statutes 2024, chapter 409, section 4.

obtain reimbursement under Part 7 (commencing with Section 17500) or any other applicable law.⁷²

III. Positions of the Parties and Interested Persons

A. County of Sacramento

The claimant filed this Test Claim on December 8, 2025, alleging that paragraphs (a), (b), and (c) of Government Code section 3502.3, as added by the test claim statute, impose a reimbursable state-mandated program which causes local agencies to incur costs mandated by the state.

According to the claimant, Government Code section 3502.3(a) requires public agencies to present the status of job vacancies, recruitment, and retention efforts once per year, which requires its staff to research and attend training on identifying the new reporting requirements to be presented before the Board of Supervisors, and to “[prepare] and [utilize] applicable data points including extracting, analyzing and summarizing job vacancies and recruitment efforts at the position level.”⁷³ The claimant notes that this needs to be done manually by staff because the claimant’s existing system does not track vacancies and recruitment efforts by bargaining unit, and that it needs to know this information both for reporting it to the public, as well as for calculating vacancy rates for Government Code section 3502.3(c).⁷⁴ Government Code section 3502.3(b) allows recognized employee organizations to make a presentation at the public hearing at which the public agency presents the status of vacancies and recruitment and retention efforts, for which the claimant alleges it needs to correspond with the various unions to notify them of the public hearing and determine which ones wish to present at the hearing, and to work with the Clerk of the Board of Supervisors to transmit materials and ensure that adequate time is scheduled on the Board’s agenda for the presentations.⁷⁵ Government Code section 3502.3(c) requires public agencies to include additional information in their presentations upon the request of a recognized employee agency if the number of job vacancies within a bargaining unit meets or exceeds 20 percent of the total number of authorized full-time positions. The claimant alleges it needed to obtain this data from various sources and present it in the format required by this mandate, which consists of both system and manual work to extract the required data, which consists of obtaining point-in-time reports, gathering data on filled positions, and generating monthly reports.⁷⁶

⁷² Exhibit F (5) Senate Committee on Appropriations, Analysis on AB 2561, as amended July 3, 2024, page 3; Statutes 2024, chapter 409, section 4.

⁷³ Exhibit A, Test Claim, page 10.

⁷⁴ Exhibit A, Test Claim, page 10.

⁷⁵ Exhibit A, Test Claim, page 10.

⁷⁶ Exhibit A, Test Claim, page 11.

The claimant argues that it was not previously required to perform these activities, and contends that the activities mandate a new program or higher level of service.⁷⁷

The claimant declares that it incurred \$18,357 in fiscal year 2024-2025 for staff time to complete the mandated activities, and estimates it will incur \$19,274 in fiscal year 2025-2026.⁷⁸ These costs are mostly for staff time spent gathering data, drafting reports, and presenting and attending the Board of Supervisors' public hearings. While the claimant does not anticipate needing any professional services and supplies in the near future, the claimant anticipates these costs might be necessary for future upgrades to the "Enterprise" system used to track employee vacancy data to ensure that the information it needs to report is available in a compliant format.⁷⁹ Given there are 58 counties and 482 incorporated cities in the state that are also subject to these mandated activities, the claimant estimates statewide costs of \$10,407,960 for fiscal year 2025-2026.⁸⁰ The claimant is not aware of any dedicated funding sources for this program, any legislatively determined mandates, or any related prior mandate determinations.⁸¹

In its rebuttal comments, the claimant responds to Finance's position that training is a one-time cost by explaining that the reporting requirements are ongoing and employee turnover is inevitable.⁸² Because the employees who prepare and present this information in the future may not be the ones who attended training in the initial year, training costs are not one-time in nature.⁸³ Regarding potential future costs for upgrading the Enterprise system, the claimant concedes that the decision to upgrade this system is discretionary. However it argues that not all reasons for it to perform maintenance or updates are similarly discretionary, such as if new bargaining units are formed or if job classifications are moved to different bargaining units.⁸⁴ The claimant also notes that a system generated report would be a more efficient means of preparing the required information than compiling it manually like the claimant does currently. The claimant argues that refusing to reimburse local agencies for the costs of future system upgrades may cost the state more in the long run, "to the extent that local agencies

⁷⁷ Exhibit A, Test Claim, pages 11-12, 13-14.

⁷⁸ Exhibit A, Test Claim, pages 20-22 (Declaration of James Robbins, Division Chief, Department of Personnel Services, County of Sacramento).

⁷⁹ Exhibit A, Test Claim, pages 20-22 (Declaration of James Robbins, Division Chief, Department of Personnel Services, County of Sacramento).

⁸⁰ Exhibit A, Test Claim, page 22 (Declaration of James Robbins, Division Chief, Department of Personnel Services, County of Sacramento).

⁸¹ Exhibit A, Test Claim, page 13. At the time the claimant filed this test claim, RCRC had initiated negotiations with Finance on a potential LDM, however this was not completed until April 17, 2026 upon Finance's denial of the request.

⁸² Exhibit D, Claimant's Rebuttal Comments, page 1.

⁸³ Exhibit D, Claimant's Rebuttal Comments, page 1.

⁸⁴ Exhibit D, Claimant's Rebuttal Comments, page 2.

maintain manual compilation rather than [sic] systematic approaches.”⁸⁵ The claimant therefore asks that the Commission find that system configuration or other similar professional services are reasonably necessary ongoing costs.⁸⁶

No comments were filed on the Draft Proposed Decision.

B. Department of Finance

Finance filed comments on the Test Claim on February 17, 2026.⁸⁷ Finance acknowledges that prior to 2025, state law did not require local agencies to report vacancy data to their governing body.⁸⁸ Finance also acknowledges the claimant’s allegations of incurred costs without dispute.⁸⁹

Finance, however, disputes two issues identified in the Test Claim. First, Finance argues that the claimant’s costs for researching the test claim statute’s requirements and attending training to understand the new reporting requirements should be reimbursed as a one-time activity.⁹⁰ Second, Finance disputes the claimant’s assertion that costs for professional services or other services and supplies may be incurred in the future if it upgrades the system it uses to track employment data to ensure the required information can still be obtained in a compliant format.⁹¹ Finance argues that the test claim statute does not require the claimant to upgrade its systems, meaning any such decision to upgrade its systems in the future would be a discretionary decision on the claimant’s part, and the resulting costs incurred would be caused by that discretionary decision; therefore, system upgrade costs should be excluded from reimbursement.⁹² Finance concludes by asking that should the Commission find this test claim statute imposes reimbursable state-mandated costs on local agencies, the Commission should examine the estimated costs to ensure that activities not required by the statute are excluded from reimbursement.⁹³

No comments were filed on the Draft Proposed Decision.

⁸⁵ Exhibit D, Claimant’s Rebuttal Comments, page 2.

⁸⁶ Exhibit D, Claimant’s Rebuttal Comments, page 2.

⁸⁷ Exhibit B, Finance’s Comments on the Test Claim.

⁸⁸ Exhibit B, Finance’s Comments on the Test Claim, page 1.

⁸⁹ Exhibit B, Finance’s Comments on the Test Claim, page 1.

⁹⁰ Exhibit B, Finance’s Comments on the Test Claim, page 2.

⁹¹ Exhibit B, Finance’s Comments on the Test Claim, page 2. See Exhibit A, Test Claim, pages 21-22 (Declaration of James Robbins, Division Chief, Department of Personnel Services, County of Sacramento).

⁹² Exhibit B, Finance’s Comments on the Test Claim, page 2.

⁹³ Exhibit B, Finance’s Comments on the Test Claim, page 2.

C. Rural County Representatives of California

The Rural County Representatives of California (RCRC), a county services organization, filed late comments on the Test Claim on March 16, 2026.⁹⁴ RCRC strongly supports the Test Claim, and provides additional perspective on the impacts the test claim statute has on small local governments. RCRC points out that many local governments did not previously track their vacancies by bargaining units or use that information to form their budget. Complying with the test claim statute could therefore require “significant changes in how data is maintained and organized, including updates to the computer systems that store and present this data to staff and others.”⁹⁵ While a local government could technically avoid the additional reporting requirements by closing vacant positions to reduce its vacancy rates to below 20 percent, this would complicate the budget process by requiring mid-year budget adjustments as positions are added or moved around.⁹⁶ RCRC also points out that in some small counties, a single vacancy in certain positions can trigger the additional reporting requirements, further demonstrating why it is sometimes necessary for “small, nimble, cost-conscious environments” like small counties to maintain vacancies.⁹⁷ Additionally, staff need to be trained on the mandated requirements, as mistakes could complicate collective bargaining and have significant impacts on the jurisdiction and the people it serves.⁹⁸ In response to Finance’s comments that training should be a one-time cost, RCRC argues that training needs to be provided for both current and future staff, making it an ongoing cost. Training does not simply involve analyzing the new requirements and incorporating them into current procedures, but training individual staff members on the new requirements, how to identify and compile the vacancy data, and how to present this information to labor partners and the public.⁹⁹ Thus, while training may be one-time per employee, it is an ongoing cost for the local agencies.¹⁰⁰

⁹⁴ Exhibit C, Rural County Representatives of California’s Late Comments on the Test Claim.

⁹⁵ Exhibit C, Rural County Representatives of California’s Late Comments on the Test Claim, page 2.

⁹⁶ Exhibit C, Rural County Representatives of California’s Late Comments on the Test Claim, page 2.

⁹⁷ Exhibit C, Rural County Representatives of California’s Late Comments on the Test Claim, page 2.

⁹⁸ Exhibit C, Rural County Representatives of California’s Late Comments on the Test Claim, page 2.

⁹⁹ Exhibit C, Rural County Representatives of California’s Late Comments on the Test Claim, page 2.

¹⁰⁰ Exhibit C, Rural County Representatives of California’s Late Comments on the Test Claim, page 2. RCRC compared this to past programs in which the Commission found that training was a one-time cost *per employee*, namely *Fire Safety Inspections of Care Facilities*, 01-TC-16; *Law Enforcement Sexual Harassment Training*, 97-TC-07; *Racial*

IV. Discussion

Article XIII B, section 6 of the California Constitution provides in relevant part the following:

Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the state shall provide a subvention of funds to reimburse such local government for the costs of such programs or increased level of service...

The purpose of article XIII B, section 6 is to “preclude the state from shifting financial responsibility for carrying out governmental functions to local agencies, which are ‘ill equipped’ to assume increased financial responsibilities because of the taxing and spending limitations that articles XIII A and XIII B impose.”¹⁰¹ Thus, the subvention requirement of section 6 is “directed to state-mandated increases in the services provided by [local government] ...”¹⁰² Reimbursement under article XIII B, section 6 is required when the following elements are met:

1. A state statute or executive order requires or “mandates” local agencies or school districts to perform an activity.¹⁰³
2. The mandated activity constitutes a “program” that either:
 - a. Carries out the governmental function of providing a service to the public; or
 - b. Imposes unique requirements on local agencies or school districts and does not apply generally to all residents and entities in the state.¹⁰⁴
3. The mandated activity is new when compared with the legal requirements in effect immediately before the enactment of the test claim statute or executive order and it increases the level of service provided to the public.¹⁰⁵
4. The mandated activity results in the local agency or school district incurring increased costs, within the meaning of section 17514. Increased costs, however,

Profiling: Law Enforcement Training, 01-TC-01; and *Absentee Ballots: Tabulation by Precinct*, 00-TC-08.

¹⁰¹ *County of San Diego v. State of California* (1997) 15 Cal.4th 68, 81.

¹⁰² *County of Los Angeles v. State of California* (1987) 43 Cal.3d 46, 56.

¹⁰³ *San Diego Unified School Dist. v. Commission on State Mandates* (2004) 33 Cal.4th 859, 874.

¹⁰⁴ *San Diego Unified School Dist. v. Commission on State Mandates* (2004) 33 Cal.4th 859, 874-875 (reaffirming the test set out in *County of Los Angeles* (1987) 43 Cal.3d 46, 56).

¹⁰⁵ *San Diego Unified School Dist. v. Commission on State Mandates* (2004) 33 Cal.4th 859, 874-875, 878; *Lucia Mar Unified School District v. Honig* (1988) 44 Cal3d 830, 835.

are not reimbursable if an exception identified in Government Code section 17556 applies to the activity.¹⁰⁶

The Commission is vested with the exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6 of the California Constitution.¹⁰⁷ The determination whether a statute or executive order imposes a reimbursable state-mandated program is a question of law.¹⁰⁸ In making its decisions, the Commission must strictly construe article XIII B, section 6 of the California Constitution, and not apply it as an “equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities.”¹⁰⁹

A. The Test Claim Statute Was Timely Filed, Based on Both the Default Deadline to File a Test Claim and the Tolled Deadline for a Pending Request for a Legislatively Determined Mandate, with a Period of Reimbursement Beginning January 1, 2025.

Government Code section 17551(c) provides that test claims “shall be filed not later than 12 months following the effective date of a statute or executive order, or within 12 months of incurring increased costs as a result of a statute or executive order, whichever is later.”¹¹⁰ Section 1183.1(c) of the Commission’s regulations, in turn, defines “12 months” as 365 days.¹¹¹ The test claim statute became effective on January 1, 2025, and the Test Claim was filed on December 8, 2025, within 365 days following the effective date of the test claim statute.¹¹² The test claim was therefore timely filed within 12 months of the test claim statute’s effective date.

Additionally, RCRC requested to initiate a joint legislatively determined mandate (LDM) with Finance pursuant to Government Code sections 17573 and 17574, for the reimbursement of costs from the test claim statute. Under Government Code section 17573(b), the statute of limitations in section 17551 for filing a test claim is tolled during those negotiations from the date a local agency, school district, or statewide organization contacts the Department of Finance or responds to a Finance request to initiate a joint request for an LDM to the date that the Budget Act for the subsequent fiscal year is adopted if a joint request is submitted to the Legislature, or to the date on which one of the parties notifies the other of its decision to not submit a joint request to

¹⁰⁶ *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 487; *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1265, 1284; Government Code sections 17514 and 17556.

¹⁰⁷ *Kinlaw v. State of California* (1991) 54 Cal.3d 326, 335.

¹⁰⁸ *County of San Diego v. State of California* (1997) 15 Cal.4th 68, 109.

¹⁰⁹ *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1265, 1280 citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.

¹¹⁰ Government Code section 17551(c).

¹¹¹ California Code of Regulations, title 2, section 1183.1(c).

¹¹² Exhibit A, Test Claim, page 1.

the Legislature for an LDM. Specifically, Government Code section 17573(b) states the following:

The statute of limitations specified in Section 17551 shall be tolled from the date a local agency, school district, or statewide association contacts the Department of Finance or responds to a Department of Finance request to initiate a joint request for a legislatively determined mandate pursuant to subdivision (a), to (1) the date that the Budget Act for the subsequent fiscal year is adopted if a joint request is submitted pursuant to subdivision (a), or (2) the date on which the Department of Finance, or a local agency, school district, or statewide association notifies the other party of its decision not to submit a joint request. A local agency, school district, or statewide association, or the Department of Finance shall provide written notification to the commission of each of these dates.

Courts have explained that when the Legislature tolls a statute of limitations, it means that the clock is stopped and will start again once the tolling period has ended. Whatever period of time that remained when the clock is stopped is available when the clock is restarted to file the claim.

Under California law, tolling generally refers to a suspension of a statute of limitations. (*Pearson Dental Supplies, Inc. v. Superior Court* (2010) 48 Cal.4th 665, 674, 108 Cal.Rptr.3d 171, 229 P.3d 83 citing *Woods v. Young* (1991) 53 Cal.3d 315, 326, fn. 1, 279 Cal.Rptr. 613, 807 P.2d 455 [“Tolling may be analogized to a clock that is stopped and then restarted. Whatever period of time that remained when the clock is stopped is available when the clock is restarted, that is, when the tolling period has ended.”]; *Cuadra v. Millan* (1998) 17 Cal.4th 855, 72 Cal.Rptr.2d 687, 952 P.2d 704, overruled on a different point in *Samuels v. Mix* (1999) 22 Cal.4th 1, 16, fn. 4, 91 Cal.Rptr.2d 273, 989 P.2d 701, citing 3 Witkin, Cal. Procedure (4th ed. 1996) Actions, § 407, p. 513 [“ ‘The statute [of limitations] may be tolled (i.e., its operation suspended) by various circumstances, events or acts.’ ”].) Federal decisional authority is in accord. (*Chardon v. Soto* (1983) 462 U.S. 650, 652, fn. 1, 103 S.Ct. 2611, 77 L.Ed.2d 74; *Board of Regents v. Tomanio* (1980) 446 U.S. 478, 486, 100 S.Ct. 1790, 64 L.Ed.2d 440.)¹¹³

Thus, in order for the Commission to have jurisdiction to hear and determine a test claim when negotiations for a joint request for an LDM are underway and ultimately fail, parties are required to either (1) file a test claim within the statute of limitations provided in Government Code section 17551(c), continue negotiations with the state, and request that the Commission stay its proceedings on the test claim pursuant to section 17573(h); or (2) file the notice required under section 17573(b) with the Commission before the statute of limitations on the test claim statute or executive order expires showing that negotiations for an LDM have started. Pursuant to section 17573(b), the

¹¹³ *Don Johnson Productions, Inc. v. Rysher Entertainment* (2012) 209 Cal.App.4th 919, 929.

parties are required to provide written notification to the Commission of the date local agencies initiate or respond to a request to initiate a joint LDM. In this case, RCRC provided notice that it started the LDM process on October 15, 2025, 78 days before the statute of limitations to file a claim under section 17551(c) was set to expire.¹¹⁴ The period to file a claim was thus successfully tolled until Finance provided notice that it would not be proceeding with the LDM on April 17, 2026.¹¹⁵ The Test Claim was filed on December 8, 2025, meaning it was filed both within 12 months of the test claim statute's effective date and before the tolling period ended, and is therefore timely based on either method for determining the period of limitations.

Government Code section 17557(e) requires a test claim to be submitted on or before June 30 following a given fiscal year to establish eligibility for that fiscal year.¹¹⁶ The December 8, 2025 filing date establishes reimbursement eligibility for the 2024-2025 fiscal year, but because the test claim statute became effective on January 1, 2025, the potential period of reimbursement begins on January 1, 2025.

B. The Test Claim Statute Imposes a Reimbursable State-Mandated Program on Counties, Cities, and Those Special Districts Subject to the Taxation and Spending Limitations in the California Constitution.

As described below, the Commission finds that sections (a), (b), and (c) of Government Code section 3502.3, as added by the test claim statute (Stats. 2024, ch. 409) imposes a reimbursable state-mandated program within the meaning of article XIII B, section 6 of the California Constitution.

1. Government Code Section 3502.3(a)-(c) Imposes State-Mandated Requirements That Local Agencies Subject to the Taxation and Spending Limitations in the California Constitution Present on Their Vacancies and Recruitment and Retention Efforts at a Public Hearing Before Their Governing Body Once Per Fiscal Year, Allow the Representative Employee Organizations to Also Present at That Hearing, and Report Additional Information If Requested by the Bargaining Unit When Vacancies Within That Bargaining Unit Meet or Exceed 20 Percent.

The plain language of Government Code section 3502.3 requires public agencies to give presentations on the status of vacancies, recruitment, and retention efforts at public

¹¹⁴ Exhibit F (1), Rural County Representatives of California's Letter of Intent to Initiate a Joint Request for a Legislatively Determined Mandate. See *Local Public Employees: Vacant Positions*, 25-LDM-01, <https://csm.ca.gov/matters/25-LDM-01.shtml> (accessed May 28, 2026).

¹¹⁵ Exhibit F (2), Finance's Denial of Request to Initiate a Joint Request for a Legislatively Determined Mandate. See *Local Public Employees: Vacant Positions*, 25-LDM-01, <https://csm.ca.gov/matters/25-LDM-01.shtml> (accessed May 28, 2026).

¹¹⁶ Government Code section 17557(e).

hearings before the public agency's governing board.¹¹⁷ This presentation shall be given at least once per fiscal year.¹¹⁸ If the governing board will be adopting an annual or multiyear budget during that fiscal year, this presentation shall be given prior to adopting the final budget.¹¹⁹ At the hearing, the public agency shall identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process.¹²⁰ The recognized employee organization for a bargaining unit shall be entitled to make its own presentation at the same public hearing where the public agency presents the status of vacancies and recruitment efforts for positions within that bargaining unit.¹²¹ Finally, if the number of job vacancies within a single bargaining unit meets or exceeds 20 percent of the total number of authorized full-time positions, and if requested by the recognized employee organization, the public agency shall include in its presentation the total number of vacancies within the bargaining unit, the total number of applicants for vacant positions within the bargaining unit, the average number of days it takes to complete the hiring process from when a position is posted, and any opportunities to improve compensation or other working conditions.¹²² The test claim statute states the following:

- (a)
 - (1) A public agency shall present the status of vacancies and recruitment and retention efforts during a public hearing before the governing board at least once per fiscal year.
 - (2) If the governing board will be adopting an annual or multiyear budget during the fiscal year, the presentation shall be made prior to the adoption of the final budget.
 - (3) During the hearing, the public agency shall identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process.
- (b) The recognized employee organization for a bargaining unit shall be entitled to make a presentation at the public hearing at which the public agency presents the status of vacancies and recruitment and retention efforts for positions within that bargaining unit.
- (c) If the number of job vacancies within a single bargaining unit meets or exceeds 20 percent of the total number of authorized full-time positions, the public agency shall, upon request of the recognized employee organization, include all of the following information during the public hearing:

¹¹⁷ Government Code section 3502.3(a)(1).

¹¹⁸ Government Code section 3502.3(a)(1), (d).

¹¹⁹ Government Code section 3502.3(a)(2).

¹²⁰ Government Code section 3502.3(a)(3).

¹²¹ Government Code section 3502.3(b).

¹²² Government Code section 3502.3(c).

- (1) The total number of job vacancies within the bargaining unit.
 - (2) The total number of applicants for vacant positions within the bargaining unit.
 - (3) The average number of days to complete the hiring process from when a position is posted.
 - (4) Opportunities to improve compensation and other working conditions.
- a. Although the test claim statute applies to “public agencies” defined in the Meyers-Milias-Brown Act, only those counties, cities, and special districts subject to the tax and spend limitations of the California Constitution are eligible to claim reimbursement under article XIII B, section 6 of the California Constitution.

Based on the plain language of the test claim statute, the requirements to present on the status of vacancies and recruitment and retention efforts at a public hearing before their governing body and to include additional specific information upon the request of the recognized employee organization are imposed on public agencies. Public agencies are “every governmental subdivision, every district, every public and quasi-public corporation, every public agency and public service corporation and every town, city, county, city and county and municipal corporation, whether incorporated or not and whether chartered or not.”¹²³ Although these requirements apply to all public agencies as defined in the Meyers-Milias-Brown Act, article XIII B, section 6 of the California Constitution only provides reimbursement to those local agencies defined in Government Code sections 17518 and 17520 that are subject to the tax and spend provisions of the California Constitution.

Government Code section 17518 defines “local agency” to mean “any city, county, special district, authority, or other political subdivision of the state.”¹²⁴ Government Code section 17520 defines “special districts” as “any agency of the state that performs governmental or proprietary functions within limited boundaries”, and “includes county service areas, maintenance districts or maintenance areas, improvement districts or improvement zones, or any other zone or area.”¹²⁵ However, some local agencies are not eligible claimants, if they have no authority to levy taxes and their revenues are not proceeds of taxes subject to the appropriations limit. Article XIII B, section 6 of the California Constitution was specifically designed to protect the tax revenues of local governments from state mandates that would require spending those revenues. The purpose is to prevent “the state from shifting financial responsibility for carrying out governmental functions to local agencies, which are ‘ill-equipped’ to assume increased financial responsibilities because of the taxing and spending limitations that articles

¹²³ Government Code section 3501(c).

¹²⁴ Government Code section 17518.

¹²⁵ Government Code section 17520.

XIII A and XIII B impose.”¹²⁶ Article XIII B does not reach beyond taxation and does not restrict the growth in appropriations financed from nontax sources, such as bond funds, user fees based on reasonable costs, or revenues from local assessments, fees, and charges.¹²⁷ Local agencies funded by revenues other than “proceeds of taxes” cannot accept the benefits of an exemption from article XIII B’s spending limit while asserting an entitlement to reimbursement under article XIII B, section 6.¹²⁸

Counties and cities have the authority to levy taxes and are subject to the tax and spend limitations of articles XIII A and B.¹²⁹

However, article XIII B and the statutes that implement it also expressly state that special districts that are funded entirely by “other than proceeds of taxes” (such as from bond funds, fees or assessments) are not subject to the appropriations limit in article XIII B. Article XIII B, section 9(c) provides, “appropriations subject to limitation” do not include those appropriations of any special district that existed on January 1, 1978, and did not levy ad valorem property taxes as of the 1977-1978 fiscal year:

Appropriations subject to limitation” for each entity of government do not include: [¶] . . . [¶] (c) Appropriations of any special district which existed on January 1, 1978, and which did not as of the 1977-78 fiscal year levy an ad valorem tax on property in excess of 12 1/2 cents per \$100 of assessed value; or the appropriations of any special district then existing or thereafter created by a vote of the people, which is totally funded by other than the proceeds of taxes.

Government Code section 7901(e) implements article XIII B, and clarifies that special districts that existed on January 1, 1978, and did not levy a property tax in excess of 12 ½ cents per \$100 of assessed value in 1977-1978, are not “local agencies” for purposes of article XIII B:

The term “special district” [as part of the definition of “local agency”] shall not include any district which (1) existed on January 1, 1978, and did not

¹²⁶ *Department of Finance v. Commission on State Mandates* (2016) 1 Cal.5th 749, 763, quoting *County of San Diego v. State of California* (1997) 15 Cal.4th 68, 81; *County of San Diego v. State of California* (1997) 15 Cal.4th 68, 81; *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1283; *County of Los Angeles v. Commission on State Mandates* (2003) 110 Cal.App.4th 1176, 1185, holding that reimbursement under article XIII B, section 6 is only required when a mandated new program or higher level of service forces local government to incur “increased actual expenditures of limited tax proceeds that are counted against the local government’s spending limit.”

¹²⁷ *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 487.

¹²⁸ *City of El Monte v. Commission on State Mandates* (2000) 83 Cal.App.4th 266, 281282; *Redevelopment Agency of the City of San Marcos v. Commission on State Mandates* (1997) 55 Cal.App.4th 976, 986.

¹²⁹ Government Code sections 23004(e), 37101.

possess the power to levy a property tax at that time or did not levy or have levied on its behalf, an ad valorem property tax rate on all taxable property in the district on the secured roll in excess of 12 ½ cents per one hundred dollars (\$100) of assessed value for the 1977-78 fiscal year, or (2) existed on January 1, 1978, or was thereafter created by a vote of the people, and is totally funded by revenues other than the proceeds of taxes as defined in subdivision (c) of Section 8 of Article XIII B of the California Constitution.¹³⁰

Therefore, a special district is not a “local agency” eligible for reimbursement for purposes of article XIII B, section 6 if it: (1) existed on January 1, 1978, and did not possess the power to levy a property tax at that time or did not levy or have levied on its behalf an ad valorem property tax rate on all taxable property in the district on the secured roll in excess of 12 ½ cents per one hundred dollars (\$100) of assessed value for the 1977-78 fiscal year, or (2) existed on January 1, 1978, or was thereafter created by a vote of the people, and is totally funded by revenues other than the proceeds of taxes as defined in subdivision (c) of section 9 of article XIII B of the California Constitution, because it is not subject to the taxing and spending limitations of article XIII A and B of the California Constitution.¹³¹ Therefore, while the test claim statute applies to all public agencies, only those counties, cities or special districts subject to the tax and spend limitations of the California Constitution are eligible to claim reimbursement under article XIII B, section 6.

b. Cities, counties, and special districts subject to the tax and spend limits of the California Constitution are mandated by the state to comply with the requirements of Government Code section 3502.3(a)-(c).

For the required activities in a statute or executive order to be mandated by the state, local agencies must be either legally or practically compelled to perform the activity.

Legal compulsion occurs when a statute or executive action uses mandatory language that “‘require[s]’ or ‘command[s]’” a local entity to participate in a program or service. [citations omitted] [construing the term “mandates” in art. XIII B, § 6 to mean “‘orders’ or ‘commands’”].) Stated

¹³⁰ Article XIII B, section 8(c) states: “proceeds of taxes shall include, but not be restricted to, all tax revenues and the proceeds to an entity of government, from (1) regulatory licenses, user charges, and user fees to the extent that those proceeds exceed the costs reasonably borne by that entity in providing the regulation, product, or service, and (2) the investment of tax revenues. With respect to any local government, “proceeds of taxes” shall include subventions received from the State, other than pursuant to Section 6, and, with respect to the State, proceeds of taxes shall exclude such subventions.”

¹³¹ Government Code section 7901(e), California Code of Regulations, title 2, sections 1183.1(g) and 1187.14.

differently, legal compulsion is present when the local entity has a mandatory, legally enforceable duty to obey.¹³²

As will be explained below, the Commission finds that the required activities in the test claim statute are mandated by the state based on legal compulsion.

Government Code section 3502.3(a) requires local agencies, by its plain language and use of the word “shall”, to present the status of vacancies and recruitment and retention efforts at least once per fiscal year at a public hearing before its governing body prior to adopting a final budget, and to identify at the hearing any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process. Government Code section 14 states that “‘Shall’ is mandatory and ‘may’ is permissive.” Local agencies therefore have a mandatory, legally enforceable duty to comply with this statute and are thus legally compelled by Government Code section 3502.3(a) to give a presentation on the status of vacancies and recruitment and retention efforts at a public hearing before their governing body once per fiscal year prior to the adoption of the final budget, and to identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process. Although the test claim statute notes that it does not prevent the local agencies’ governing bodies from holding additional public hearings on vacancies, any additional hearings are at the discretion of the local agency and are not mandated by the state, as “activities undertaken at the option or discretion of a local government entity...do not trigger a state mandate and hence do not require reimbursement of funds – even if the local entity is obliged to incur costs as a result of its discretionary decision to participate in a particular program or practice.”¹³³ In addition, the test claim statute does not require a special meeting for this purpose, but rather the public hearing can be held during a regular meeting of the governing body, provided it occurs before the governing body is set to adopt the final budget, if it will be adopting a multiyear or annual budget that fiscal year.

As for Government Code section 3502.3(b), it entitles the recognized employee organization for a bargaining unit to make a presentation at the same public hearing at which the local agency presents the status of vacancies and recruitment and retention efforts for positions within that bargaining unit. Other than allowing time at the public hearing for the recognized employee organizations’ presentations, the plain language of this section does not impose any additional mandated requirements on local agencies.

Government Code section 3502.3(c) additionally requires local agencies include in their presentations the total number of job vacancies within a bargaining unit, the total number of applicants for vacant positions within the bargaining unit, the average number of days to complete the hiring process from when a position was posted, and

¹³² *Coast Community College Dist. v. Commission on State Mandates* (2022) 13 Cal.5th 800, 815. See also *San Diego Unified School Dist. v. Commission on State Mandates* (2004) 33 Cal.4th 859, 874.

¹³³ *Department of Finance v. Commission on State Mandates (Kern High School Dist.)* (2003) 30 Cal.4th 727, 742.

opportunities to improve compensation and other working conditions. This additional information is only required if the number of vacant positions within a bargaining unit meets or exceeds 20 percent of the authorized full-time positions, and then only if the information is requested by the bargaining unit. The Commission finds this requirement mandated by the state. Based on the legislative history of the test claim statute, the local agency employer, in most circumstances, does not control its vacancy rate. Vacant positions are inevitable and can be caused by a wide variety of factors, not all of which can be easily addressed. Arguments in opposition of the bill blamed a variety of factors purportedly outside a local agency's control, such as a dwindling pool of applicants for certain specialized positions, competition from other government agencies and the private sector, burnout from being on the frontlines of the Covid-19 pandemic, public harassment, and demands from the state that local governments transform and modernize their systems of providing services to the public while maintaining the quality of services without adequate state aid.¹³⁴ Public comments on this Test Claim also pointed out that some small local agencies have so few positions in certain bargaining units that a single vacancy is enough to trigger the 20 percent threshold.¹³⁵ Local agencies therefore do not make a discretionary decision to have vacancies in excess of 20 percent of their authorized full-time positions for a bargaining unit, and they are legally compelled to provide additional information on their bargaining units with high vacancy rates when requested by the bargaining units.

There is evidence in the record that some local agencies intentionally leave vacant positions open for budgetary reasons, or choose to use contingent, part-time, temporary, contracted out, or retired annuitant workforce instead of filling their vacant full-time positions. These choices can potentially cause the number of vacancies in a bargaining unit to exceed 20 percent. Although purposefully allowing these vacancies is a discretionary action on the local agency's part, Government Code section 3502.3(c)'s additional reporting requirements are specifically triggered *upon request of the recognized employee organization*. Regardless of what caused the vacancies within a bargaining unit to exceed 20 percent, if it is requested by the recognized employee organization, the local agency must provide the additional information required by Government Code section 3502.3(c). The local agency therefore is not making a discretionary decision with respect to its participation in this required activity, and the state has mandated it to report this information when requested by the recognized employee organization. Thus, the employee time to present this additional information about the total number of job vacancies within a bargaining unit, the total number of applicants for vacant positions within the bargaining unit, the average number of days to complete the hiring process from when a position was posted, and opportunities to improve compensation and other working conditions is mandated by the state.

¹³⁴ Exhibit F (7), Assembly Floor Analysis on AB 2561, as amended August 23, 2024, pages 4-5.

¹³⁵ Exhibit C, Rural County Representatives of California's Late Comments on the Test Claim, page 2.

Accordingly, the test claim statute imposes a state mandated program requiring cities, counties, and special districts subject to the tax and spend limitations in the California Constitution to do the following:

- Present the status of vacancies and recruitment and retention efforts during a public hearing before the public agency's governing board at least once per fiscal year. If the governing board will be adopting an annual or multiyear budget during the fiscal year, the presentation shall be made prior to the adoption of the final budget. During the hearing, identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process.¹³⁶
- Entitle the recognized employee organization for a bargaining unit to make a presentation at the public hearing at which the public agency presents the status of vacancies and recruitment and retention efforts for positions within that bargaining unit.¹³⁷
- If the number of job vacancies within a single bargaining unit meets or exceeds 20 percent of the total number of authorized full-time positions, and upon request of the recognized employee organization, include all of the following information during the public hearing:
 - The total number of job vacancies within the bargaining unit.¹³⁸
 - The total number of applicants for vacant positions within the bargaining unit.¹³⁹
 - The average number of days to complete the hiring process from when a position is posted.¹⁴⁰
 - Opportunities to improve compensation and other working conditions.¹⁴¹

¹³⁶ Government Code section 3502.3(a).

¹³⁷ Government Code section 3502.3(b).

¹³⁸ Government Code section 3502.3(c)(1).

¹³⁹ Government Code section 3502.3(c)(2).

¹⁴⁰ Government Code section 3502.3(c)(3).

¹⁴¹ Government Code section 3502.3(c)(4).

- c. The claimant requests reimbursement for several activities that are not explicitly required by the plain language of the test claim statute. These activities and costs may be proposed for inclusion in the Parameters and Guidelines if they are supported by evidence in the record that they are “reasonably necessary for the performance of the state-mandated program,” in accordance with the Government Code and Commission regulations.

The claimant’s declarations allege it needed to perform various activities to comply with the test claim statute’s requirements, such as: research and training on the test claim statute’s requirements; preparing reports for the presentation to the governing body; staff meetings to prepare for presenting at the public hearing; corresponding with the bargaining units’ recognized employee organizations regarding the public hearing; and coordinating with the County’s Clerk of the Board to ensure that sufficient time is scheduled at the public hearing for the bargaining units’ presentations.¹⁴² None of these activities are explicitly stated by the plain language of the test claim statute. However, these activities and costs may be considered for reimbursement at the parameters and guidelines phase if they are supported by evidence in the record showing they are “reasonably necessary for the performance of the state-mandated program,” in accordance with Government Code section 17557(a) and California Code of Regulations, title 2, section 1183.7(d) and 1187.5.

- d. Any activities triggered by the test claim statute and required to comply with the Brown Act or the California Public Records Act are not eligible for reimbursement.

Government Code section 3502.3(a) requires local agencies to give a presentation about their vacancies and recruitment and retention efforts at a public hearing, while section (b) entitles the recognized employee organizations for the local agencies’ bargaining units to also give a presentation at that public hearing, and section (c) requires the local agency to include additional specific information in their presentation if the number of vacancies within a bargaining unit meet or exceed 20 percent, at the bargaining unit’s request. When local government holds a public hearing, the local government is required to comply with the Brown Act.¹⁴³ The Brown Act requires notice and an agenda and all public documents made available to the governing body shall be made available to the public.¹⁴⁴ Thus, the presentation on the status of vacancies would have to be included on the notice and agenda and any document prepared by local agency staff would have to be made available to the public. The recognized employee agency’s presentation would also need to be included in the notice and agenda and the documents be made available to the public.

¹⁴² Exhibit A, Test Claim, pages 20-21 (Declaration of James Robbins, Division Chief, Department of Personnel Services, County of Sacramento).

¹⁴³ Government Code section 54950 et seq.

¹⁴⁴ Government Code section 54954.2(a) and 54954.3(a).

However, complying with the Brown Act's notice and agenda requirements for public hearings is not eligible for reimbursement, because article XIII, section 36 of the California Constitution, as added by voter-enacted Proposition 30 in 2012, expressly disclaims the existence of any reimbursable state mandate caused by compliance with the Brown Act.¹⁴⁵ Thus, any costs for preparing notices and agendas for the public hearing as required by the Brown Act are not eligible for reimbursement, as they have been explicitly excluded from reimbursement.

Additionally, a recognized employee organization may ask that a local agency's vacancy data and any records relating to the additional information required by Government Code section 3502.3(c) be provided to it *in advance* of the public hearing pursuant to the California Public Records Act (CPRA), for the purpose of preparing its own presentation for the public hearing.¹⁴⁶ However, as with compliance with the notice and hearing requirements in the Brown Act, costs for producing records required by the CPRA are not eligible for reimbursement. In 2014, voter-enacted Proposition 42 amended article I, section 3(b)(7) of the California Constitution to require local agencies to comply with the CPRA and the Brown Act, and amended article XIII B, section 6(a)(4) to provide that reimbursement is not required for any legislative mandates within the scope of article 1, section 3(b)(7). This eliminated the state's responsibility to provide reimbursement for any CPRA costs. Therefore, any costs resulting from responding to CPRA requests for records regarding a local agency's vacancy and recruitment and retention data, is not eligible for reimbursement under article XIII B, section 6.

2. The State-Mandated Requirements Are New and Impose a New Program or Higher Level of Service Within the Meaning of Article XIII B, section 6.

Article XIII B, section 6 requires reimbursement when "the Legislature or any state agency mandates a new program or higher level of service on any local government." A new program or higher level of service has been defined as those "that carry out the governmental function of providing services to the public, or laws which, to implement a state policy, impose unique requirements on local governments and do not apply generally to all residents and entities in the state."¹⁴⁷ Just one of these conditions need be met.¹⁴⁸ The purpose of article XIII B, section 6 is to prevent the state from forcing extra programs on local government each year in a manner that negates their careful

¹⁴⁵ "Any requirement that a local agency comply with Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code, with respect to performing its Public Safety Services responsibilities, or any other matter, shall not be a reimbursable mandate under Section 6 of Article XIII B." Article XIII, section 36(c)(3).

¹⁴⁶ Government Code section 7920.000 et seq.

¹⁴⁷ *Carmel Valley Fire Protection District v. State of California* (1987) 190 Cal. App. 3d 521, 537, citing *County of Los Angeles v. State of California* (1987) 43 Cal. 3d 46, 56, emphasis in original.

¹⁴⁸ *Carmel Valley Fire Protection District v. State of California* (1987) 190 Cal. App. 3d 521, 537; *Department of Finance v. Commission on State Mandates* (2021) 59 Cal. App. 5th 546, 557.

budgeting of increased expenditures counted against the local government's annual spending limit and thus, article XIII B, section 6 requires a showing that the test claim statute mandates new activities compared to prior law.¹⁴⁹

The Commission finds that the activities mandated by the test claim statute are new compared to prior law. Prior law did not previously require local agencies to present an annual report on the status of vacancies and their recruitment and retention efforts at a public hearing before their governing body, or to provide additional specific information if the number of vacancies within a single bargaining unit exceed 20 percent of the number of authorized full-time positions if requested by the bargaining unit, and bargaining units were not previously entitled to make their own presentations at these public hearings. Government Code section 3502.3 is newly added by the test claim statute and imposes completely new requirements.

The Commission also finds that the requirements imposed on local agencies provide a service to the public.¹⁵⁰ The test claim statute provides service by providing the public with transparency and accountability regarding the local agency's employment practices. The reports on local agencies' vacancies and recruitment and retention efforts will be presented at public hearings before their governing bodies, making this information freely accessible to the public. Members of the public will be able to attend these public hearings, review the information presented, and make their own public comments as part of the hearing procedure. This level of transparency and accountability to the public provides a public service, thereby meeting the first definition for a new program or higher level of service.

The test claim statute also meets the second definition by implementing a state policy and imposing unique requirements on local governments that do not apply generally to all residents of the state. The state policy ensures that local agencies are appropriately staffed and that high vacancy rates do not undermine public employee labor relations. The test claim statute imposes its requirements uniquely on local agencies¹⁵¹

¹⁴⁹ California Constitution, articles XIII B, sections 1, 8(a) and (b); *County of Los Angeles v. State of California* (1987) 43 Cal.3d 46, 56; *Lucia Mar Unified School Dist. v. Honig* (1988) 44 Cal.3d 830, 835; *Hayes v. Commission on State Mandates* (1992) 11 Cal.App.4th 1564, 1595; *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1283; *Department of Finance v. Commission on State Mandates* (2016) 1 Cal.5th 749, 763.

¹⁵⁰ See *Department of Finance v. Commission on State Mandates* (2022) 85 Cal.App.5th 535, 555 (a stormwater permit requiring local governments to perform pollution abatement services in addition to stormwater drainage services); *Lucia Mar Unified School District v. Honig* (1988) 44 Cal.3d 830, 835 ("the education of handicapped children is clearly a governmental function providing a service to the public"); *San Diego Unified School District v. Commission on State Mandates* (2004) 33 Cal.4th 859, 879 (Providing public school constitutes a governmental function and enhancing the safety of public schools constitutes a service to the public).

¹⁵¹ Government Code section 3501(c).

Accordingly, the state-mandated requirements impose a new program or higher level of service within the meaning of article XIII B, section 6 of the California Constitution.

3. The Test Claim Statute Results in Costs Mandated by the State Within the Meaning of Government Code Section 17514 and No Exceptions Within the Meaning of Government Code Section 17556 Apply.

Finally, Government Code section 17514 defines “costs mandated by the state” as any increased costs which a local agency or school district is required to incur as a result of any statute or executive order that mandates a new program or higher level of service. Government Code section 17564(a) specifically requires that no claim or payment shall be made unless the claim exceeds \$1,000. A finding of such costs mandated by the state also means that no exception in Government Code section 17556 applies.

The claimant has filed declarations signed under penalty of perjury claiming that it spent \$18,356.56 in fiscal year 2024-2025 on activities and tasks performed to comply with the test claim statute.¹⁵² It also anticipates it will incur \$19,274 in fiscal year 2025-2026, and estimates state-wide costs for fiscal year 2025-2026 of \$10,407,960.¹⁵³ No evidence rebuts these declarations.

Furthermore, no exceptions to costs mandated by the state found in Government Code section 17556 apply to this test claim statute. This Test Claim was not submitted by a local agency that requested legislative authority to implement this program. The test claim statute does not affirm a mandate that has been declared existing law by the courts, nor is it implementing a federal law or regulation. Local agencies do not have any authority to levy service charges, fees, or other assessments sufficient to pay for the mandated program. Offsetting savings or additional revenue specifically intended to fund the costs of this program have not been provided. The test claim statute does not impose duties that are necessary to implement or were expressly included in a ballot measure approved by voters in a statewide or local election. Nor does this statute create a new crime or infraction, eliminate a crime or infraction, or change the definition of a crime or infraction.

Therefore, the Commission finds that the test claim statute imposes increased costs mandated by the state under article XIII B, section 6 and Government Code section 17514.

V. Conclusion

Based on the forgoing analysis, the Commission approves this Test Claim and finds that Government Code section 3502.3(a)-(c), as added by Statutes 2024, chapter 409, section 2, imposes a reimbursable state-mandated program within the meaning of article XIII B, section 6 of the California Constitution on counties, cities, and special

¹⁵² Exhibit A, Test Claim, pages 20-21 (Declaration of James Robbins, Division Chief, Department of Personnel Services, County of Sacramento).

¹⁵³ Exhibit A, Test Claim, pages 21-22 (Declaration of James Robbins, Division Chief, Department of Personnel Services, County of Sacramento).

districts subject to the tax and spend limitations of the California Constitution to do the following activities beginning January 1, 2025:

1. Present the status of vacancies and recruitment and retention efforts during a public hearing before the public agency's governing board at least once per fiscal year. If the governing board will be adopting an annual or multiyear budget during the fiscal year, the presentation shall be made prior to the adoption of the final budget. During the hearing, identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process.¹⁵⁴
2. Entitle the recognized employee organization for a bargaining unit to make a presentation at the public hearing at which the public agency presents the status of vacancies and recruitment and retention efforts for positions within that bargaining unit.¹⁵⁵
3. If the number of job vacancies within a single bargaining unit meets or exceeds 20 percent of the total number of authorized full-time positions, and upon request of the recognized employee organization, include all of the following information during the public hearing:
 - a. The total number of job vacancies within the bargaining unit.¹⁵⁶
 - b. The total number of applicants for vacant positions within the bargaining unit.¹⁵⁷
 - c. The average number of days to complete the hiring process from when a position is posted.¹⁵⁸
 - d. Opportunities to improve compensation and other working conditions.¹⁵⁹

Any costs incurred to comply with the notice and agenda requirements of the Brown Act or to comply with CPRA related to this mandated program are not eligible for reimbursement.¹⁶⁰

All other activities or costs requested in the Test Claim are not mandated by the state, but may be proposed for inclusion in the Parameters and Guidelines if they are supported by evidence in the record showing they are "reasonably necessary for the performance of the state-mandated program" in accordance with Government Code

¹⁵⁴ Government Code section 3502.3(a).

¹⁵⁵ Government Code section 3502.3(b).

¹⁵⁶ Government Code section 3502.3(c)(1).

¹⁵⁷ Government Code section 3502.3(c)(2).

¹⁵⁸ Government Code section 3502.3(c)(3).

¹⁵⁹ Government Code section 3502.3(c)(4).

¹⁶⁰ California Constitution, article XIII, section 36(c)(3) and article XIII B, section 6(a)(4).

section 17557(a), and California Code of Regulations, title 2, sections 1183.7(d) and 1187.5.