

STATE *of* CALIFORNIA
**COMMISSION ON STATE
MANDATES**



**REPORT TO THE
LEGISLATURE:
INCORRECT REDUCTION
CLAIMS**

**January 1, 2025 –
December 31, 2025**

Joe Stephenshaw
Chairperson
Director of the
Department of
Finance

Malia Cohen
Vice Chairperson
State Controller

Fiona Ma
State Treasurer

Samuel Assefa
Director of the
Office of Land Use and
Climate Innovation

Lee Adams
County Supervisor
County of Sierra

Renee Nash
School District Board Member
Eureka Union School District

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INTRODUCTION

Government Code section 17602 requires the Commission on State Mandates (Commission) to report to the Legislature “the number of individual and consolidated incorrect reduction claims decided during the preceding calendar year and whether and why the reduction was upheld or overturned.” This report fulfills that requirement.

Government Code section 17561(d) authorizes the State Controller’s Office (Controller) to audit claims filed by local agencies and school districts and to reduce any claim for reimbursement of state-mandated costs that the Controller determines is excessive or unreasonable.

Government Code Section 17551(d) requires the Commission to hear and decide a claim that the Controller has incorrectly reduced payments to the local agency or school district (incorrect reduction claims or IRCs). If the Commission determines that a reimbursement claim has been incorrectly reduced, section 1185.9 of the Commission’s regulations requires the Commission to send the decision to the Controller and request that the costs in the claim be reinstated.

Zero IRC decisions were completed by the Commission between January 1, 2025, and December 31, 2025 and four IRCs are pending.