



Issue Brief: State-Imposed Mandates

What Is a State-Imposed Mandate for Local Governments?

A state mandate exists when the Legislature or a state agency freely imposes a new requirement on local governments, in the form of a new program or a higher level of service for an existing program (i.e., expansion of an existing obligation). State-mandated programs carried out by local governments are critical to Californians’ health, safety, and quality of life. This includes providing vote-by-mail ballots, testing of sexual assault evidence kits, the Race and Identity Profiling Act, and behavioral health crisis training for law enforcement.

A state mandate may be considered a “reimbursable state mandate” when the law, executive order, or state agency directive that imposes the state mandate does not provide funding for the activity. While local governments are required to comply with all state mandates, they only receive funding to carry out a select group of state-mandated programs, in the form of after-the-fact reimbursement payments from the state. Local governments comply with all other state mandates using local government revenues.

In 1979, voters approved [Proposition 4](#), requiring the state to reimburse local governments for the costs to comply with state-mandated programs. 1975 is the “baseline” year by which a requirement is judged to be a “new program” or a “higher level of service” to be considered a reimbursable state-mandated program. The passage of [Proposition 1A](#) (2004) strengthened local governments’ right to reimbursement by requiring the state to either fully fund each mandate or suspend the mandate’s requirements for that fiscal year. Proposition 1A also required the state to repay local governments for the backlog of unreimbursed state-mandated costs incurred prior to 2004. At that time, the state owed local governments approximately \$2 billion for the costs of carrying out state-mandated programs. The state repaid outstanding mandate costs over the next decade, however, since 2004, the state has again accumulated mandated program debt to local governments.

According to data obtained from the [State Controller’s Office](#), as of April 2023, the state owes counties, cities, and special districts **\$981 million**, including estimated accrued interest, in mandated costs incurred since 2004. Of this amount, counties collectively are owed **\$346 million**. The funds owed to local governments represent state-mandated local programs that were deemed reimbursable by the Commission on State Mandates (Commission) but have not been refunded by the state.

Flow Process for Claiming Reimbursement and Exemptions



What is Reimbursable?

There is a broad set of criteria used to determine whether state reimbursement is triggered or whether local governments must comply, funding notwithstanding. Local agencies file "test claims" with the [Commission on State Mandates](#) to determine if a new law is a reimbursable mandate. The Commission is a quasi-judicial body composed of seven members, representing the state administration, the state's constitutional offices, local elected positions, and a member of the public.

The test claim includes a precise enumeration of actual costs to comply with the law. Local governments often find that significant resources are required to complete the process and reach a successful determination—and mandated programs are not eligible for reimbursement until years after the mandate has been signed into law.

The Commission determines whether a state requirement meets the definition of a reimbursable state mandate. For the Commission to find that a new program or higher level of service is reimbursable, it must be freely imposed by the state on local governments and must result in costs for local governments to comply. For example, a program or service required by a ballot proposition is not a state mandate, as propositions are voter-approved measures. Further, the state is not required to reimburse local governments if the program or service can be funded by a new local fee or increasing an existing fee.

State reimbursement is also not required when new requirements equally apply to the private sector; nor is reimbursement required when local governments carry out federal requirements. Examples that illustrate whether a program or service meets the threshold of a state mandate can be found in the Legislative Analyst's Office's publication: "[What's a Mandate: Learning Through Examples](#)".

If the Commission considers a test claim filed by a local government and finds that a state requirement is a state-mandated program, the Commission adopts a reimbursement methodology and reports the mandate's estimated cost to the Legislature. Once approved, all local governments—in addition to the local government that filed the initial test claim—can submit claims for reimbursement to the State Controller's Office annually for costs to comply with the state-mandated program.

Reimbursement typically occurs years after local governments are required to begin complying with new programs. Total costs to comply with a state-mandated program must exceed \$1,000 to be eligible for reimbursement from the State Controller's Office (therefore, the minimum amount per annual claim per program is \$1,000).

A list of decisions from the Commission is available on their [website](#). A complete timeline of the state mandate determination and reimbursement process is available on the Legislative Analyst's Office's [website](#).

Backlog of Unreimbursed State Mandate Costs Owed to Local Governments

To address revenue constraints or the increasing costs, the state has occasionally suspended some mandated programs. While a mandate is suspended, the requirement remains in law, however local governments are not required to comply with the state-mandated requirements in that fiscal year and the state has no reimbursement obligation.

While the California Constitution requires the state to reimburse local agencies for all valid mandate claims, specific payment deadlines for any mandate that is suspended or repealed in the following fiscal year is unclear. Consequently, local governments can spend significant resources to meet state-mandated programs without any certainty for reimbursement. Interest on unpaid claims accrues until the claims are fully paid.

The State Controller's Office prepares two separate reports annually that summarize [payments](#) and [deficiencies](#) for state-mandated program costs.

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