

HEATHER HADWICK

MEMBER FOR THE 1ST ASSEMBLY DISTRICT



FACT SHEET

AB 2640 – Providing Financial Relief for Local Governments

IN BRIEF

The State of California owes cities, counties, special districts, schools and community colleges over \$1.8 billion in unpaid reimbursable state mandate claims.

Assembly Bill 2640 provides financial relief to local governments facing a massive back log of unpaid claims.

Specifically, this bill authorizes the California State Controller to allow a local agency or school district to offset any reduced reimbursement that results from an audit or review from other unpaid reimbursement claims.

BACKGROUND & ISSUE

When a law, executive order, or state agency directive imposes a state mandate and does not provide funding for the mandate, it is a reimbursable state mandate, usually in the form of a new program or a higher level of service for an existing program. State-mandated programs carried out by local governments are critical to Californians' health, safety, and quality of life. This includes providing testing of sexual assault evidence kits and behavioral health crisis training for law enforcement.

The California Commission on State Mandates determines if mandates should be reimbursed, develops an estimate of the statewide cost of the mandated program and establishes a reimbursement methodology. Then, local governments file claims for reimbursement with the Controller's Office. This process often takes several years, all while local governments are forced to comply with state mandates using local revenue.

Even after a reimbursement is issued, an audit or review may reduce the reimbursement

amount paid. The local government then must pay that reduced amount back to the Controller. These repayments must occur even if the local government has other outstanding claims owed to them. For small, rural counties with tight budgets, repaying even a fraction of what little reimbursement they are owed can cripple their financial health.

SOLUTION

By allowing local government to offset any reduced reimbursement from other unpaid reimbursement claims, local governments can hold on to critical funding for their under resourced communities.

AB 2640 will provide financial relief for cash-strapped local governments.

SUPPORT

California State Association of County Auditors
(Co-Sponsor)
Shasta County Auditor (Co-Sponsor)

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