April 30, 2025

The Honorable Scott D. Wiener, Chair

Senate Committee on Budget and Fiscal Review

Joint Legislative Budget Committee

1020 N Street, Room 553

Sacramento, CA 95814

The Honorable Jesse Gabriel, Chair

Assembly Committee on Budget

1021 O Street, Suite 8230

Sacramento, CA 95814

Joe Stephenshaw, Director

Department of Finance

1021 O Street, Suite 3110

Sacramento, CA 95814

**SUBJECT: State-Mandated Program Cost Report of Unpaid Claims and Deficiencies**

Dear Chair Wiener, Chair Gabriel, and Director Stephenshaw:

Pursuant to Government Code section 17562(b)(2), I am providing a report of insufficient appropriations for reimbursement of claims filed with the State Controller's Office for   
state-mandated programs. The funding deficiencies are the result of claims received after   
April 1, 2024, and claims that were not fully paid in prior years. The deficiencies also include unfunded mandates, which are initial claims filed for new mandated programs that have no prior appropriation, and estimated accrued interest.

The total amount owed to local agencies, school districts, and community college districts is   
$1.59 billion ($0.87 billion, $0.71 billion, and $0.01 billion, respectively). This is a $0.03 billion decrease from the prior year’s deficiency of $1.62 billion.

| **Description** | **Local**  **Agencies** | **School**  **Districts** | **Community College Districts** | **Grand Totals** | **Schedules** |
| --- | --- | --- | --- | --- | --- |
| **Deficiency Summary: Total State-Mandated Program Payable Balances as of April 1, 2024 (From prior-year report)** | **$868,637,164** | **$739,062,996** | **$10,709,796** | **$1,618,409,956** | **N/A** |
| State-Mandated Appropriations Beginning Appropriations[[1]](#footnote-1) | $161,335,219 | $100,000 | $39,000 | $161,474,219 | **A** |
| Add: Receipts and Recovered Receivables | $16,504,651 | $0 | $0 | $16,504,651 | **A** |
| Less: Payment/Budget Adjustments | $97,090,392 | $21,000 | $0 | $97,111,392 | **A, A1** |
| **State-Mandated Appropriation Balances as of April 1, 2025** | **$80,749,478** | **$79,000** | **$39,000** | **$80,867,478** | **A** |
| State-Mandated Program Payable Balances for Funded Mandates (Claims received as of April 1, 2025) | $464,382,473 | $697,313,875 | $10,709,796 | $1,172,406,144 | **B, B1** |
| State-Mandated Program Payable Balances for Unfunded Mandates (Claims received as of April 1, 2025) | $409,597,890 | $9,652,389 | $0 | $419,250,279 | **B, B2** |
| **Subtotal State-Mandated Program Payable Balances** | **$873,980,363** | **$706,966,264** | **$10,709,796** | **$1,591,656,423** | **B** |
| Add: Accrued Interest Payables  (Estimated as of June 30, 2025) | $139,872,057 | $138,027,866 | $3,780,321 | $281,680,244 | **N/A** |
| **Grand Total State-Mandated Program Payable Balances as of April 1, 2025** | **$1,013,852,420** | **$844,994,130** | **$14,490,117** | **$1,873,336,667** | **N/A** |
| **Net Appropriation Deficiencies as of April 1, 2025** | **$933,102,942** | **$844,915,130** | **$14,451,117** | **$1,792,469,189** | **N/A** |

In summary, the estimated $1,792,469,189 deficiency is the amount needed to fully satisfy all   
state-mandated program liabilities to date. However, the $80,867,478 appropriation balance (reflected on page 1 of the enclosed report) is from the Budget Acts of 2022 through 2024, and is the result of funds remaining after recovered receivables and fulfilled Budget Act provisions. As each Budget Act specifies the programs and fiscal years that may be paid, the $80,867,478 appropriation balance must be re-appropriated before it can be applied to the current outstanding balance of $1,873,336,667.

If you have any questions regarding this correspondence and/or the report, please contact Darryl Mar, Manager of the Local Reimbursements Section in our Local Government and Programs Services Division, by email at DMar@sco.ca.gov or by telephone at (916) 324-0256. Thank you.

Sincerely,

*Original signed by*

Malia M. Cohen

Enclosure: State-Mandated Program Cost Report of Unpaid Claims and Deficiencies

Copy: Erika Contreras, Secretary of the State  
 Office of the Secretary of the Senate

Sue Parker, Chief Clerk of the Assembly

Office of the Chief Clerk of the Assembly

Cara L. Jenkins, Legislative Counsel

Office of Legislative Counsel

Juliana F. Gmur, Executive Director

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State Controller’s Office

Deborah Gallegos, Deputy Controller

State Controller’s Office

Lisa Kurokawa, Compliance Audits Bureau Chief

State Controller's Office

1. Appropriations as of April 1, 2024, except Budget Act of 2024 appropriations are as of July 1, 2024. [↑](#footnote-ref-1)