



September 4, 2024

The Honorable Gavin Newsom
Governor, State of California
1021 O St., Ste. 9000
Sacramento, CA 95814

**RE: AB 2561 (McKinnor) Local public employees: vacant positions – Request for VETO
As Amended August 23, 2024**

Dear Governor Newsom,

The California State Association of Counties (CSAC), Urban Counties of California (UCC), California Special Districts Association (CSDA), Rural County Representatives of California (RCRC), California Transit Association (CTA), County Health Executives Association of California (CHEAC), California Municipal Utilities Association (CMUA), County Behavioral Health Directors Association (CBHDA), California Welfare Directors Association (CWDA), California Association of Recreation and Park Districts (CARPD), Public Risk Innovation, Solutions, and Management (PRISM), Association of California Healthcare Districts (ACHD), Chief Probation Officers of California (CPOC), California Association of Public Hospitals and Health Systems (CAPH), California State Sheriffs' Association (CSSA), and the League of California Cities (Cal Cities) respectfully oppose Assembly Bill (AB) 2561 and request that you veto this measure.

AB 2561 requires all local agencies to hold an annual public hearing on the status of vacancies before their governing board at least once per fiscal year. The mandate is imposed on over 3,800 local agencies, with more expensive mandates imposed on any of those agencies that has even a bargaining unit that experiences a vacancy rate of 20% for any period of time. This will create an expensive reimbursable state mandate, adding needless pressure on the state budget at a time of significant budget challenges. Based on our conservative estimate of costs, the bill would result in annual reimbursable costs of up to \$13.5 million, or more¹—not including the additional reporting costs imposed upon agencies with bargaining units that experience vacancy rates exceeding 20%.

¹ Estimate developed based on [actual reimbursement costs](#) for Brown Act claims, with a historical growth factor applied to estimate cost increases due to wage growth and inflation and an estimate that each hearing will require a total of eight hours collectively in staff time.

Regrettably, the recent amendments do not reflect a workable path forward in the best interests of local public servants. Local agencies agree with the author that the status quo is not sustainable. However, the measure does not address the root causes of low labor force participation rates in California across all sectors. Instead, the measure will create additional layers of bureaucracy that detract from meaningful efforts to recruit and retain the public sector workforce.

Labor Force Participation Rates and Barriers to Work

Vacancies are unavoidable for both the public and private sectors. A nonexistent vacancy rate for any duration of time is an unreasonable expectation in our modern labor market, particularly for public agencies that lack the financial resources to encourage recruitment and remote work flexibility enjoyed by many employers in the private sector. Public agencies have been frustrated by persistent high vacancy rates in certain fields despite prolific efforts to bolster the public sector workforce. It is an unfortunate reality that many of the contributing factors that affect public sector hiring are forces of the market that are outside of our immediate control. California's growing workforce needs are constrained by the labor supply.

California's labor force participation rate is at a historic low: 62%. Labor force participation—which includes both employed workers and those who are unemployed but looking for work—remains below pre-pandemic levels both statewide and across many of California's diverse regions and populations.² However, economic factors have been found to not be the root cause of low labor force participation. In the past year, California's unemployment rate has remained steady between 4.5% and 5.5%, a range that is considered to be a healthy marker for the labor market.³ If the labor force participation rate is low and the unemployment rate is not high, there is an undeniable labor shortage that cannot be addressed with more local public hearings and taxing the time of existing human resources staff.

Regrettably, AB 2561 does nothing to address the factors that are suppressing the labor force participation rate. California needs legislation and large-scale, statewide investments that reduce barriers to work. California's aging population is shrinking the workforce and is expected to continue to shrink the workforce in the coming years. Presently, the lack of affordable education, childcare, and housing are all barriers to work that remain unaddressed.

Recent Budget Cuts Exacerbate the Problem

The following 2024 Budget Act reductions withdraw critical resources needed to address California's growing workforce needs:

- **\$746 million reduction** over five years to a variety of healthcare workforce programs, a sector that is in dire need of support and intervention to increase the labor pool.
- **\$110 million reduction** to Middle Class Scholarship Program grants.
- **\$150 million reduction** to the California Jobs First initiative, which would have supported resilient, equitable, and sustainable regional economies.
- **\$40 million reduction** for the Apprenticeship Innovation Fund.

² [Public Policy Institute of California: Labor Force Participation in California \(February 2024\)](#)

³ [California Employment Development Department \(June 2024\)](#)

- **\$10 million reduction** for the Emergency Medical Technician training program.
- Temporary **suspension of the “cost of doing business”** increases for county Medi-Cal eligibility administration. Suspending support for the county workforce that provides essential services to California's most vulnerable populations will certainly worsen staffing challenges.

Most notably, AB 2561 omits the state from its requirements. According to the Legislative Analyst's Office, the vacancy rate for the State of California has consistently been above 10% for at least the past 20 years. As of February 2024, the vacancy rate for California state jobs was about 20%.⁴

Local Public Agencies Are Addressing Labor Shortages Directly Every Day

Local government decision makers and public agency department heads recognize the impact that long-term vacancy rates have, both on current employees and those who receive services from those departments. Many specialty positions like nurses, licensed behavioral health professionals, social workers, probation officers, police, teachers, and planners are experiencing nationwide workforce shortages and a dwindling pipeline for new entrants, driven by both an expansion of services and an aging workforce. To further complicate recruitment, local governments are competing with both the private sector and other government agencies. While local governments have been implementing innovative ways to try to boost recruitment and retention (e.g., sign-on bonuses, housing stipends, etc.), they inevitably lack the financial resources and flexibility enjoyed by private sector employers.

Despite these efforts, vacancies persist; driven by several distinct circumstances outside of the labor market. Employees have experienced burn-out, harassment from the public, and a seemingly endless series of demands to transform systems of care or service delivery while simultaneously providing consistent and effective services, without adequate state support to meet state law. It is difficult to retain staff in those conditions.

If the true intent of AB 2561 is to provide a path for public agencies to reduce staff vacancies, diverting staff away from core service delivery and mandating they spend time preparing for public hearings on their vacancy rates will not achieve that goal. Adding another unfunded mandate on public agencies will not solve the problem this bill has identified. It is just as likely to create even more burn-out from employees tasked with producing the very report the bill mandates.

We Are Committed to Partnership to Identify Better Solutions

Local agencies are committed to continuing the work happening now between all levels of government and the workforce to expand pipeline programs, build pathways into public sector jobs, modernize the hiring process, and offer competitive compensation. We cannot close the workforce shortages overnight; it will take investment from educational institutions, all levels of government, and the private sector to meet the workforce demands across the country. We must use our limited human resources staff to hire employees rather than diverting resources to prepare for unnecessary public hearings that will tell us what we already know.

⁴ <https://lao.ca.gov/Publications/Report/4888>

We welcome partnering on workforce strategies and believe there is a more productive and economic pathway than AB 2561. For those reasons, CSAC, UCC, CSDA, RCRC, CTA, CHEAC, CMUA, CBHDA, CWDA, PRISM, CARPD, ACHD, CPOC, CAPH, CSSA and Cal Cities respectfully oppose AB 2561 and request that you veto this measure. Please do not hesitate to contact us with your questions.

Sincerely,



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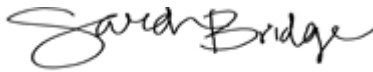
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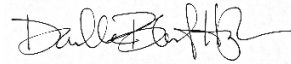
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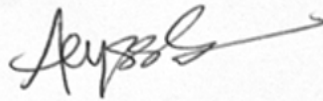
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