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LEGAL BULLETIN

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United States Supreme Court rejects state requirement that § 1983 claimants must exhaust administrative remedies before state court action.

Today, in *Williams v. Reed*, the United States Supreme Court decided that states may not require 42 U.S.C. § 1983 claimants to exhaust administrative remedies before bringing a state court lawsuit challenging the procedural aspect of the administrative agency's handling of the administrative claim. In so holding, the Court has left the door open for states to impose an exhaustion requirement before an individual can bring a substantive § 1983 judicial complaint, meaning public employers facing discrimination claims brought pursuant to § 1983 may have an additional defense when proceeding in state court.

What happened in *Williams*?

Section 1983 allows individuals to sue certain government entities and their employees for civil rights violations. It is also a vehicle by which a public employee can sue their employer for discrimination. In *Williams*, a group of twenty-one Alabama residents sued the Alabama Department of Labor after experiencing delays in processing their unemployment compensation claims during the COVID-19 pandemic. The *Williams* plaintiffs wanted the state court's help securing the department's action on their pending applications; they were not seeking final redress of their substantive § 1983 claims.

Despite the longstanding rule in federal court—since the Supreme Court held in 1982 that exhaustion of state administrative remedies is not a required prerequisite to a substantive § 1983 action, *Patsy v. Board of Regents,* 457 U.S. 496 (1982)—a divided Alabama Supreme Court dismissed the *Williams* plaintiffs' case, holding the plaintiffs were required to exhaust the state's administrative appeals process governing unemployment compensation claims. In effect, the decision eliminated the plaintiffs' legal options for compelling the state labor department to take the very action necessary for the plaintiffs to have their day in court. The Alabama Supreme Court majority justified its decision by distinguishing *Patsy* as applying only to suits brought in federal court, not state court.

Rejecting the Alabama court's reasoning, the Supreme Court held that the venue for § 1983 litigation, whether state court or federal court, does not dictate whether plaintiffs may have to exhaust administrative remedies before bringing suit to compel administrative action. In reaching its decision, the Supreme Court rejected the notion that state officials may effectively immunize themselves from § 1983 claims seeking to compel administrative action. The Supreme Court's holding was narrow, however, applying only to procedural challenges. The Court did not address whether a state (unlike a federal court) can require administrative exhaustion for substantive § 1983 claims.

What does today's outcome mean for public employers facing § 1983 claims?

Today's decision leaves the door open for those entities facing substantive § 1983 claims in state court to argue an administrative exhaustion defense. Considering that defense remains unavailable in federal court proceedings, today's decision also means that a defendant facing a § 1983 claim in state court may want to pause before seeking removal, as in certain cases—i.e., those where the plaintiffs have failed to exhaust their administrative remedies—state court may be the preferable venue.