

# Supreme Court Says Alabama's Exhaustion of State Processes Rule Unlawfully Blocked Due Process Claims

Article By:

Alysonne O. Hatfield

Zachary V. Zagger

---

On February 21, 2025, the Supreme Court of the United States ruled that an Alabama rule requiring claimants to first exhaust the state administrative appeals process before bringing due process claims over delays in their appeals of unemployment compensation claims unlawfully immunizes state officials from due process claims brought under 42 U.S.C. § 1983.

## Quick Hits

- The Supreme Court ruled that Alabama's requirement to exhaust administrative processes before pursuing federal due process claims in state court unlawfully immunized state officials from claims for delays in unemployment insurance claims.
- Justice Brett Kavanaugh emphasized that the exhaustion rule created a "catch-22" situation, preventing claimants from seeking relief in state court while waiting on state processes.
- The decision may pave the way for increased access to state courts for plaintiffs challenging administrative delays.
- While holding that the workers may proceed with their federal due process claims under Section 1983, the opinion noted that the Court took "no position" on the merits of their claims.

In a 5–4 opinion in [\*Williams v. Reed\*](#), the Supreme Court sided with a group of unemployed Alabama workers, reviving their civil rights claims under 42 U.S.C. § 1983 against state officials that alleged "extreme delays" in their unemployment insurance claims. The Court held that Alabama's exhaustion of administrative processes requirement "in effect immunizes state officials from those kinds of Section 1983 suits for injunctive relief."

Under Alabama's unemployment compensation scheme, any person seeking benefits must file an application with the Alabama Department of Labor. If denied, the person must seek a hearing before the department's Hearings and Appeals Division, and then the department's Board of Appeals. The law includes an exhaustion requirement that prohibits state courts from hearing any appeals from these decisions until they are final, and after all administrative remedies have been exhausted.

The workers filed suit in state court alleging that the delays in the administrative appeals process

---

violated their procedural due process rights and the Social Security Act, but the Supreme Court of Alabama dismissed their claims. The Alabama high court ruled that it lacked subject matter jurisdiction to hear the appeal because the workers had failed to exhaust their state administrative remedies.

The state argued that such an exhaustion requirement is a “neutral rule of judicial administration” and that the Alabama Supreme Court had properly applied it to preclude the Section 1983 claims.

The Supreme Court of the United States majority agreed with the workers that “Alabama cannot maintain such an immunity rule,” whereby those challenging delays in administrative processes under Section 1983 must first exhaust those administrative processes. The Court found such a rule “in effect immunizes state officials from those kinds of §1983 suits for injunctive relief” and is therefore preempted.

“[T]hat ruling [by the Alabama Supreme Court] created a catch-22: Because the claimants cannot sue until they complete the administrative process, they can never sue under §1983 to obtain an order expediting the administrative process,” Justice Brett Kavanaugh wrote in the majority opinion. “This Court’s precedents do not permit States to immunize state officials from §1983 suits in that way.”

Justice Kavanaugh noted that the Court has previously explained that states have “‘no authority to override’ Congress’s ‘decision to subject state’ officials ‘to liability for violations of federal rights,’ and states may not immunize ‘state officials from a ‘particular species’ of federal claims, even if that immunity is ‘cloaked in jurisdictional garb.’”

The Court further rejected the state’s argument that the workers could have sought a writ of mandamus to compel state officials to act more quickly, finding that the availability of such relief goes more to the merits of their due process claims.

Justice Clarence Thomas wrote a dissenting opinion, which was joined in part by three other justices, arguing that states “have unfettered discretion over whether to provide a forum for §1983 claims in their courts.” Justice Thomas argued that Supreme Court precedents find that such state exhaustion requirements are preempted only when they disfavor federal law, which was not the situation in the present case. Justice Thomas said the majority’s view that “petitioners will never be able to advance to state court” is a “theory of futility” that was “both forfeited and meritless.

Perhaps tellingly, the majority opinion stated in a footnote that it took no position on the actual merits of the workers’ claims and observed that a plaintiff who asserts an unexhausted due process claim will “usually lose” because such claims are “complete only when the State fails to provide Due Process.”

## **Next Steps**

The Supreme Court ruling could increase plaintiffs’ ability to challenge state administrative agencies for due process concerns. Business groups had argued that the Alabama Supreme Court decision could frustrate the efficient handling of federal Section 1983 claims and “invite claim splitting and duplicative litigation.” While states have discretion to control subject matter jurisdiction in state courts, the Supreme Court’s ruling suggests that states cannot indefinitely delay processes to avoid due process claims over such delays.

Nevertheless, the merits of the workers claims will now be decided by the Alabama state courts, with a possible roadmap for dismissal on the merits contained in a key footnote of the majority's opinion.

© 2025, Ogletree, Deakins, Nash, Smoak & Stewart, P.C., All Rights Reserved.

---

National Law Review, Volume XV, Number 55

Source URL: <https://natlawreview.com/article/supreme-court-says-alabamas-exhaustion-state-processes-rule-unlawfully-blocked-due>