

May 6, 2005

Mr. Keith Petersen
SixTen and Associates
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Mr. Arthur M. Palkowitz
San Diego City Schools
4100 Normal Street, Room 3159
San Diego, CA 92103-2682

And Affected State Agencies and Interested Parties (See enclosed mailing list)

Re: **May 26, 2005 Hearing - Item 5**
Graduation Requirements, CSM 4435-I-01,37, 04, 05, 13, and 39

Order to Set Aside Portion of Statements of Decision
and Order Directing the State Controller to Set Aside Reduction of
Reimbursement Claims for Teacher Salaries, Reevaluate the Reimbursement Claims, and
to Submit the Results of the Reevaluation to the Commission within 60 Days

Dear Mr. Petersen and Mr. Palkowitz:

The proposed order on the above-named matter to set aside a portion of the Statement of Decision and the order directing the State Controller to set aside reduction of reimbursement claims for teacher salaries, to reevaluate the reimbursement claims in light of the court's ruling, and to submit the results of the reevaluation to the Commission on State Mandates (Commission) within 60 days is enclosed for your review.

Hearing

This matter is set for hearing on **Thursday, May 26, 2005**, at 9:00 a.m. in Room 126 of the State Capitol, Sacramento, California. This matter has been proposed for the consent calendar. Please let us know in advance if you or a representative of your agency will testify at the hearing, or if other witnesses will appear.

Special Accommodations

For any special accommodations such as a sign language interpreter, an assistive listening device, materials in an alternative format, or any other accommodations, please contact the Commission Office at least five to seven *working* days prior to the meeting.

If you have any questions, please contact Camille Shelton at (916) 323-3562.

Sincerely,

Paula Higashi
Executive Director

Enc. Final Staff Analysis

Cc: Mr. Gregory A. Wedner
Mr. Geoffrey L. Graybill

ITEM 5
ORDER TO SET ASIDE PORTION OF STATEMENTS OF DECISION
ON INCORRECT REDUCTION CLAIMS

and

ORDER DIRECTING THE STATE CONTROLLER TO SET ASIDE REDUCTION OF
REIMBURSEMENT CLAIMS FOR TEACHER SALARIES, TO REEVALUATE THE
REIMBURSEMENT CLAIMS IN LIGHT OF THE COURT’S RULING, AND TO
SUBMIT THE RESULTS OF THE REEVALUATION TO THE COMMISSION
WITHIN 60 DAYS

Education Code Section 51225.3
Statutes 1983, Chapter 498

Graduation Requirements

San Diego Unified School District, Claimant (CSM 4435-I-01 and 4435-I-37,
Decision Adopted September 28, 2000) [**Exhibit B**]

San Jose Unified School District, Claimant (CSM 4435-I-04,
Decision Adopted May 24, 2001) [**Exhibit C**]

Sweetwater Union High School District, Claimant (CSM 4435-I-05,
Decision Adopted June 28, 2001) [**Exhibit D**]

Castro Valley Unified School District, Claimant (CSM 4435-I-13 and 4435-I-39,
Decision Adopted August 23, 2001) [**Exhibit E**]

Executive Summary

Background

This item is on remand from the Sacramento County Superior Court involving four Commission decisions on incorrect reduction claims filed by San Diego Unified School District, San Jose Unified School District, Sweetwater Union High School, and Castro Valley Unified School District on the *Graduation Requirements* program. The legislation at issue in these cases, Education Code section 51225.3, increased the number of science courses required for high school graduation from one science course to two science courses. The Commission found, in each case, that the State Controller’s Office properly reduced the reimbursement claims filed by these school districts for the cost of teachers’ salaries.

These school districts, along with Grossmont Union High School District and Clovis Unified School District, filed petitions for writ of mandate in Sacramento County Superior Court challenging the Commission's decisions sustaining the reduction of teacher salary costs.¹ In addition to the claim for teacher salary costs, the incorrect reduction claims and petitions for writ of mandate filed by Grossmont Union High School District and Clovis Unified School District involve claims for remodeling and leasing costs. The court's remand of the Grossmont and Clovis cases is addressed in Item 6.

The court consolidated all cases for purposes of the hearing and decision. On February 9, 2005, the Sacramento County Superior Court entered a judgment and issued a peremptory writ of mandate in all cases. (Exhibit A.) The court disagreed with the Commission's decisions on the issue of teacher salary costs and, thus, granted the petitions for peremptory writ of mandate on that issue only. The court agreed with the Commission's decisions "in all other respects."

On the teacher salary issue, the peremptory writ of mandate directs the Commission to:

1. Set aside your decisions sustaining respondent State Controller's reductions of petitioners' claims for reimbursement of teachers' salary costs incurred in providing a second science course pursuant to subdivision (a)(1) of Education Code section 51225.3;
2. Direct respondent State Controller to set aside his reductions of petitioners' claims for reimbursement of teachers' salary costs incurred pursuant to subdivision (a)(1) of Education Code section 51225.3, reevaluate each claim in light of the court's ruling on submitted matter (Exhibit A to judgment), and submit the results of these reevaluations to you within 60 days of receiving your directions. In reevaluating each petitioner's reimbursement claim pursuant to the ruling on submitted matter, the State Controller may require the petitioner to submit cost data and documentation to demonstrate whether it experienced any savings to offset the teachers' salary costs as a direct result of providing a second science course pursuant to subdivision (a)(1) of Education Code section 51225.3, but the State Controller may not require the petitioner to demonstrate that it could not have offset the costs by using its authority under subdivision (b) of Education Code section 44955 to terminate teachers of other courses provided by the petitioner, in particular courses provided pursuant to subdivision (a)(2) of Education Code section 51225.3;
3. Upon receiving the State Controller's reevaluations of petitioners' claims for reimbursement of teachers' salary costs incurred pursuant to subdivision (a)(1) of Education Code section 51225.3, determine whether the State Controller properly reevaluated each of the claims without requiring a showing by any of the petitioners that the claimed teachers' salary costs could not have been offset pursuant to subdivision (b) of Education Code section 44955 by terminating teachers of other courses provided by the petitioner, in particular courses provided pursuant to subdivision (a)(2) of Education Code section 51225.3;
4. Upon determining that the State Controller has properly reevaluated the reimbursement claim of any petitioner, issue a new decision sustaining the reevaluation and remanding the reevaluated claim to the Controller for payment. Upon determining that the State

¹ Sacramento County Superior Court Case Nos. 03CS01401, 03CS01568, 03CS01569, 03CS01570, 03CS01702, 04CS00028

Controller has not properly reevaluated the reimbursement claim of any petitioner, return the reevaluation to the Controller for correction and resubmission to you within 30 days.

Attached hereto are the following proposed orders for each school district claimant:

- Proposed orders to set aside the issues sustaining the reduction of teacher salary costs in the four decisions.
- Proposed orders directing the State Controller's Office to set aside the reductions of school districts' claims for reimbursement of teacher salary costs, to reevaluate each claim in light of the court's ruling on submitted matter (Exhibit A to judgment), and to submit the results of these reevaluations to the Commission within 60 days of receiving the Commission's order.

The Commission hearing to determine if the State Controller properly reevaluated the claims for teacher salary costs and the adoption of amended statements of decision in accordance with the court's order will be scheduled following the receipt of the Controller's reevaluations.

Staff Recommendation

Staff recommends that the Commission adopt the orders to set aside the issues sustaining the reduction of teacher salary costs in the statements of decision, and the orders directing the State Controller's Office to set aside the reductions of school districts' claims for reimbursement of teacher salary costs, to reevaluate each claim in light of the court's ruling on submitted matter, and to submit the results of these reevaluations to the Commission within 60 days of receiving the Commission's order.