

## ITEM 18

### PROPOSED ORDERS TO SET ASIDE STATEMENTS OF DECISION ON INCORRECT REDUCTION CLAIMS

Education Code Section 51225.3  
Statutes 1983, Chapter 498

#### *Graduation Requirements*

Yuba City Unified School District (CSM 4435-I-02)  
Vallejo City Unified School District (CSM 4435-I-14)  
West Contra Costa Unified School District (CSM 4435-I-15)  
John Swett Unified School District (CSM 4435-I-16)  
Stockton Unified School District (CSM 4435-I-17)  
Novato Unified School District (CSM 4435-I-18)  
Center Unified School District (CSM 4435-I-19)  
Placer Union High School District (CSM 4435-I-20)  
Lake Tahoe Unified School District (CSM 4435-I-21)  
East Side Union High School District (CSM 4435-I-25)  
Ojai Unified School District (CSM 4435-I-27)  
Lincoln Unified School District (CSM 4435-I-28)  
Anderson Union High School District (CSM 4435-I-30)  
Woodland Joint Union High School District (CSM 4435-I-32)  
San Juan Unified School District (CSM 4435-I-33)  
Linden Unified School District (CSM 4435-I-34), Claimants

Pursuant to Order of the Sacramento County Superior Court Dated May 24, 2006,  
Case No. 05CS01253 (Consolidated with Case Nos. 05CS01262, 05CS01237,  
05CS01256, 05CS01401)

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#### **Executive Summary**

This case addresses the second set of lawsuits filed by 16 school districts on the *Graduation Requirements* incorrect reduction claims. The parties have signed a stipulation to avoid further litigation and have the claims reevaluated by the State Controller's Office in accordance with the Sacramento County Superior Court ruling in the first Graduation Requirements lawsuit, *San Diego Unified School District, et al. v. Commission on State Mandates, et al. (San Diego Unified School District)*, Case No. 03CS01401. On May 24, 2006, the court issued an order pursuant to the parties' stipulation, which requires the Commission to set aside the Statements of Decision on these incorrect reduction claims. Attached as Exhibit A are the proposed orders setting the decisions aside.

## **Background – Court Decision in *San Diego Unified School District***

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.

In 2004, six school districts, including San Diego 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.

On February 9, 2005, the Sacramento County Superior Court entered a judgment and issued a peremptory writ of mandate in the *San Diego* cases. (Exhibit B.) 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. The peremptory writ of mandate directed 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 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.

The reevaluation of these initial six cases is currently pending with the Commission.

### **Stipulation and Court Order for the Sixteen School Districts**

After the court's February 2005 ruling in the *San Diego Unified School District* case, the sixteen school districts listed in the caption above filed petitions for writ of mandate. In order to avoid further litigation, the parties stipulated that the court's judgment and peremptory writ of mandate in *San Diego Unified School District* bound the parties in the present actions since they involved the same issues previously litigated in the *San Diego* case; i.e., reimbursement for teacher salary costs to implement the Graduation Requirements mandate. Unlike the *San Diego* action, however, the Commission will not be required to hear and determine the Controller's reevaluations of the reimbursement claims *if* the school districts and the Controller agree on the reevaluation. The State Controller's Office will only resubmit its reevaluation of a claim to the Commission in the instance or instances that a school district disagrees with the Controller's reevaluation. The stipulation and order of the court in these cases are attached as Exhibit C and specifically require the following:

- Because the Petitioners' actions involve the same issues previously litigated in *San Diego Unified School District et al.*, the Parties agree to be bound by the Court's Judgment and peremptory writ of mandate in *San Diego Unified School District et al.*
- The Parties agree that pursuant to the Court's judgment and peremptory writ of mandate in *San Diego Unified School District et al.*, the Commission will set aside its decisions for each and all of the Petitioners' incorrect reduction claims in the *Yuba City*, *West Contra Costa*, *John Swett*, *Woodland* and *East Side* actions involving the Graduation Requirements Mandate.
- The Parties agree that pursuant to the Court's Judgment and peremptory writ of mandate in *San Diego Unified School District et al.*, once the Commission sets aside its decisions on the Petitioners' incorrect reduction claims, the State Controller's Office will reevalutate each and all of Petitioners' claims for reimbursement in accordance with the Court's Judgment and peremptory writ of mandate in *San Diego Unified School District et al.*
- The Parties agree that the State Controller's reevaluation of each and all of Petitioners' claims for reimbursement will be completed within sixty (60) days from the date after which all the documentation and other evidence which all of the Petitioners request the State Controller's Office consider in the reevaluation has been received by the State Controller's Office.
- The Parties agree that, although the Court's Judgment and peremptory writ of mandate in *San Diego Unified School District et al.* requires the State Controller's Office to resubmit its reevaluations of claims for reimbursement to the Commission after the State Controller's Office reevaluates the claims of the petitioners in that action, the State Controller's Office will only resubmit its reevaluations of Petitioners' claims to the Commission in the instance or instances that a particular Petitioner disagrees or Petitioners disagree with the State Controller's reevaluation of their particular claim for reimbursement for the Graduation Requirements Mandate.

Accordingly, attached hereto are the proposed orders to set aside the Statements of Decision on the incorrect reduction claims for each school district. (Exhibit A.)

**Staff Recommendation**

Staff recommends that the Commission adopt the orders in Exhibit A to set aside the Statements of Decision on the incorrect reduction claims for the Graduation Requirements program for these sixteen school districts.