

**ITEM 10**  
**STAFF ANALYSIS**  
**State Controller's Resubmission and Correction to Reevaluation of**  
**Reimbursement Claims**

on

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)

San Jose Unified School District, Claimant (CSM 4435-I-04)

Sweetwater Union High School District, Claimant (CSM 4435-I-05)

Castro Valley Unified School District, Claimant (CSM 4435-I-13 and 4435-I-39)

Clovis Unified School District, Claimant (CSM 4435-I-06 and 4435-I-38)

**On Remand from the Sacramento County Superior Court,**  
***San Diego Unified School District, et al. v. Commission on State Mandates et al.,***  
**Case No. 03CS01401 (Consolidated with Nos. 03CS01568, 03CS01569, 03CS01570,**  
**03CS01702, 04CS00028)**

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Executive Summary

**Background**

The Sacramento County Superior Court remanded six Commission on State Mandates (Commission) decisions on incorrect reduction claims filed by San Diego Unified School District, San Jose Unified School District, Sweetwater Union High School District, Castro Valley Unified School District, Grossmont Union High School District, and Clovis Unified School District on the *Graduation Requirements* program. The statute 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 State Controller's Office reduced the reimbursement claims filed by these school districts for the cost of teachers' salaries and the Commission, after hearing incorrect reduction claims filed by these districts, upheld the State Controller's reductions.

Pursuant to the Peremptory Writ of Mandate, the State Controller's reevaluation of the reimbursement claims filed by these school districts was heard by the Commission during

on July 28, 2006. The Commission adopted the final staff analysis of the State Controller's reevaluation of claims, concluding that:

- The Controller improperly denied the total amount of the claims in years when the districts provided no documentation of offsetting savings. A complete denial of costs is not supported by the record, or the Court's Judgment and Ruling. The Court expressly rejected the Controller's assumption that it may conclude that since no documentation exists showing a change in the school day or year as a result of the mandate, there must be offsetting savings. The Court found that the Statement of Decision and parameters and guidelines authorizing reimbursement for teacher salaries is binding on the parties. The record contains the reimbursement claims signed under penalty of perjury by the school districts that increased costs were incurred for teacher salary costs as a result of the mandate. There is no evidence in the record that the districts exercised their authority under Education Code section 44955 during these years to offset the costs.
- The Controller improperly reduced the claims for teacher salary costs for all districts, except Grossmont, based on its use of the data from California Basic Educational Data System (CBEDS). Although the Controller did not require a showing from the school districts that their claims for teacher salary costs "could not have been offset pursuant to subdivision (b) of Education Code section 44955," as prohibited by the writ, the Controller did require an offset to reduce the claims using assumptions that are not based on facts in the record. There is no evidence in the record that the districts exercised their discretionary authority under Education Code section 44955 to lay off teachers of non-mandated courses as a direct result of the mandate. Such a finding is required by the Court's Judgment and Writ: "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 ...*" (Court's Judgment, page 2, lines 23-27, Writ, para. 2.)
- The Controller improperly understated San Diego's original amount claimed for teacher salary costs by failing to include the costs for teacher staff development or training.
- The Controller properly reevaluated the Grossmont claim when it stated, in comments to the draft staff analysis, that Grossmont properly filed its reimbursement claim.

Thus, the Commission

- Issued a new decision, consistent with this staff analysis, for the claim filed by Grossmont Union High School District, and remanded the reevaluated claim to the State Controller's Office for payment; and
- Returned the reevaluation of the claims filed by San Diego Unified School District, San Jose Unified School District, Sweetwater Union High School District, Castro Valley Unified School District, and Clovis Unified School District

to the Controller for correction and resubmission to the Commission within 30 days. (Exhibit B.)

On August 31, 2006, the State Controller's Office filed a correction to its reevaluation of the claims, eliminating the adjustments made relative to offsetting savings. The Controller's letter states in relevant part the following:

This letter constitutes the correction of the Controller's reevaluation, as directed by the Commission on State Mandates. The Controller's Office continues to believe that the reduction in non-science teachers experienced by the claimants constitutes an offsetting savings that should have been identified in the claims. We also believe that the initial reevaluations performed by the Audits Division were correct and supported by substantial evidence. However, due to the limited information furnished by the claimants, and the narrow interpretation of the court's ruling by the Commission, we have no choice but to submit the following corrections to the reevaluations for the cases identified above: [table omitted].

The corrections eliminate the adjustments made relative to offsetting savings, resulting in full payment of the claimed amounts. (Exhibit C.)

Although there are no further issues in dispute on these claims, the Peremptory Writ of Mandate requires that the Commission determine whether the State Controller has properly reevaluated the reimbursement claim of the petitioners, and issue a new decision sustaining the reevaluation and remand the reevaluated claim to the Controller for payment.

### **Staff Conclusion and Recommendation**

Based on the Controller's August 31, 2006 letter, staff finds that the State Controller's Office has agreed to pay the entire amount claimed for teacher salary costs for the fiscal years claimed by these school districts in this litigation and that no further disputed issues exist on the incorrect reduction claims.

Accordingly, staff concludes that the State Controller's Office properly reevaluated the claims filed by these school districts. Staff recommends that the Commission adopt the Decision Sustaining the State Controller's Reevaluation (Exhibit A) for each of the five school districts and order, pursuant to the writ, that the claims be remanded to the State Controller's Office for payment in the amounts requested by the school districts in their incorrect reduction claims, plus any interest pursuant to Government Code section 17561.5 as determined by the State Controller's Office.

BEFORE THE  
COMMISSION ON STATE MANDATES  
STATE OF CALIFORNIA

IN RE INCORRECT REDUCTION CLAIMS  
ON:

Education Code Section 51225.3  
Statutes of 1983, Chapter 498

Filed on June 13, 1995, to include Fiscal Years  
1984-85 through 1993-94;

Amended on August 26, 1999, to include  
Fiscal Years 1994-95 through 1997-98;

By San Jose Unified School District, Claimant.

NO. CSM 4435-I-04

***Graduation Requirements***

DECISION SUSTAINING THE STATE  
CONTROLLER'S REEVALUATION AND  
ORDER REMANDING CLAIM FOR  
PAYMENT

Pursuant to Peremptory Writ of Mandate  
Issued by Sacramento County Superior Court,  
Case No. 03CS01401 (Consolidated with Nos.  
03CS01568, 03CS01569, 03CS01570,  
03CS01702, 04CS00028)

*(Proposed for Adoption on October 26, 2006)*

**DECISION SUSTAINING THE STATE CONTROLLER'S REEVALUATION  
AND ORDER REMANDING CLAIM FOR PAYMENT**

The State Controller's reevaluation of the reimbursement claim filed by San Jose Unified School District was heard by the Commission on State Mandates (Commission) during a regularly scheduled hearing on July 28, 2006, pursuant to the Peremptory Writ of Mandate issued by the Sacramento County Superior Court, Case No. 03CS01401 (Consolidated with Nos. 03CS01568, 03CS01569, 03CS01570, 03CS01702, 04CS00028). Keith Petersen of SixTen and Associates appeared for and represented San Jose Unified School District. Mr. Petersen also appeared for and represented Castro Valley School District, Sweetwater Union High School District, Grossmont Union High School District, and Clovis Unified School District. Art Palkowitz appeared for San Diego Unified School District. Sloan Simmons of Lozano Smith appeared for West Contra Costa Unified School District. Geoffrey Graybill, Deputy Attorney General, appeared for the State Controller's Office. The Commission, by a vote of 6 to 1, adopted the final staff analysis of the State Controller's reevaluation of claims, concluding that the State Controller's Office improperly denied the total amount of claims filed by San Jose Unified School District for teacher salary costs in years when the district provided no documentation of offsetting savings and improperly reduced the claims for teacher salary costs based on the Controller's use of the California Basic Educational Data System (CBEDS) data.

On August 1, 2006, pursuant to the Peremptory Writ of Mandate, the Commission sent the adopted final staff analysis to the State Controller's Office and returned the reevaluation of claims filed by San Jose Unified School District to the Controller for correction and resubmission to the Commission within 30 days. (See Attachment A.)

On August 31, 2006, the State Controller's Office filed a correction to its reevaluation of the claims filed by San Jose Unified School District, eliminating the adjustments made relative to offsetting savings. The Controller's letter states in relevant part the following:

This letter constitutes the correction of the Controller's reevaluation, as directed by the Commission on State Mandates. The Controller's Office continues to believe that the reduction in non-science teachers experienced by the claimants constitutes an offsetting savings that should have been identified in the claims. We also believe that the initial reevaluations performed by the Audits Division were correct and supported by substantial evidence. However, due to the limited information furnished by the claimants, and the narrow interpretation of the court's ruling by the Commission, we have no choice but to submit the following corrections to the reevaluations for the cases identified above: [table omitted].

The corrections eliminate the adjustments made relative to offsetting savings, resulting in full payment of the claimed amounts.  
(See Attachment B.)

On October 26, 2006, the Commission heard and decided the State Controller's reevaluation of claims filed by San Jose Unified School District, as corrected by the State Controller's Office on August 31, 2006, pursuant to the Peremptory Writ of Mandate. [The witness list will be included in the final order.]

Based on the Controller's August 31, 2006 letter, the Commission, by a vote of \_\_\_\_ [vote count will be included in the final order], finds that the State Controller's Office has agreed to pay San Jose Unified School District the entire amount claimed for teacher salary costs for the fiscal years identified in the caption above and that no further disputed issues exist on the incorrect reduction claim. Accordingly, the Commission concludes that the State Controller's Office properly reevaluated the claims filed by San Jose Unified School District. This decision is to be remanded to the State Controller's Office for payment in the amount of \$7,231,637, plus any interest pursuant to Government Code section 17561.5 as determined by the State Controller's Office.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Paula Higashi, Executive Director

BEFORE THE  
COMMISSION ON STATE MANDATES  
STATE OF CALIFORNIA

IN RE INCORRECT REDUCTION CLAIMS  
ON:

Education Code Section 51225.3  
Statutes of 1983, Chapter 498

Filed on September 25, 1995, to include Fiscal  
Years 1990-91 through 1994-95;

By Sweetwater Union High School District,  
Claimant.

NO. CSM 4435-I-05

***Graduation Requirements***

DECISION SUSTAINING THE STATE  
CONTROLLER'S REEVALUATION AND  
ORDER REMANDING CLAIM FOR  
PAYMENT

Pursuant to Peremptory Writ of Mandate  
Issued by Sacramento County Superior Court,  
Case No. 03CS01401 (Consolidated with Nos.  
03CS01568, 03CS01569, 03CS01570,  
03CS01702, 04CS00028)

*(Proposed for Adoption on October 26, 2006)*

**DECISION SUSTAINING THE STATE CONTROLLER'S REEVALUATION  
AND ORDER REMANDING CLAIM FOR PAYMENT**

The State Controller's reevaluation of the reimbursement claim filed by Sweetwater Union High School District was heard by the Commission on State Mandates (Commission) during a regularly scheduled hearing on July 28, 2006, pursuant to the Peremptory Writ of Mandate issued by the Sacramento County Superior Court, Case No. 03CS01401 (Consolidated with Nos. 03CS01568, 03CS01569, 03CS01570, 03CS01702, 04CS00028). Keith Petersen of SixTen and Associates appeared for and represented Sweetwater Union High School District. Mr. Petersen also appeared for and represented Castro Valley School District, San Jose Unified School District, Grossmont Union High School District, and Clovis Unified School District. Art Palkowitz appeared for San Diego Unified School District. Sloan Simmons of Lozano Smith appeared for West Contra Costa Unified School District. Geoffrey Graybill, Deputy Attorney General, appeared for the State Controller's Office. The Commission, by a vote of 6 to 1, adopted the final staff analysis of the State Controller's reevaluation of claims, concluding that the State Controller's Office improperly denied the total amount of claims filed by Sweetwater Union High School District for teacher salary costs in years when the district provided no documentation of offsetting savings and improperly reduced the claims for teacher salary costs based on the Controller's use of the California Basic Educational Data System (CBEDS) data.

On August 1, 2006, pursuant to the Peremptory Writ of Mandate, the Commission sent the adopted final staff analysis to the State Controller's Office and returned the reevaluation of claims filed by Sweetwater Union High School District to the Controller for correction and resubmission to the Commission within 30 days. (See Attachment A.)

On August 31, 2006, the State Controller's Office filed a correction to its reevaluation of the claims filed by Sweetwater Union High School District, eliminating the adjustments made relative to offsetting savings. The Controller's letter states in relevant part the following:

This letter constitutes the correction of the Controller's reevaluation, as directed by the Commission on State Mandates. The Controller's Office continues to believe that the reduction in non-science teachers experienced by the claimants constitutes an offsetting savings that should have been identified in the claims. We also believe that the initial reevaluations performed by the Audits Division were correct and supported by substantial evidence. However, due to the limited information furnished by the claimants, and the narrow interpretation of the court's ruling by the Commission, we have no choice but to submit the following corrections to the reevaluations for the cases identified above: [table omitted].

The corrections eliminate the adjustments made relative to offsetting savings, resulting in full payment of the claimed amounts.  
(See Attachment B.)

On October 26, 2006, the Commission heard and decided the State Controller's reevaluation of claims filed by Sweetwater Union High School District, as corrected by the State Controller's Office on August 31, 2006, pursuant to the Peremptory Writ of Mandate. [The witness list will be included in the final order.]

Based on the Controller's August 31, 2006 letter, the Commission, by a vote of \_\_\_\_ [vote count will be included in the final order], finds that the State Controller's Office has agreed to pay Sweetwater Union High School District the entire amount claimed for teacher salary costs for the fiscal years identified in the caption above and that no further disputed issues exist on the incorrect reduction claim. Accordingly, the Commission concludes that the State Controller's Office properly reevaluated the claims filed by Sweetwater Union High School District. This decision is to be remanded to the State Controller's Office for payment in the amount of \$3,156,545, plus any interest pursuant to Government Code section 17561.5 as determined by the State Controller's Office.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Paula Higashi, Executive Director

BEFORE THE  
COMMISSION ON STATE MANDATES  
STATE OF CALIFORNIA

IN RE INCORRECT REDUCTION CLAIMS  
ON:

Education Code Section 51225.3  
Statutes of 1983, Chapter 498

Filed on June 14, 1996, to include Fiscal Years  
1986-87 through 1991-91;

Amended on August 3, 2000 to include Fiscal  
Years 1995-96 through 1998-99;

Amended on January 19, 2001, to change  
amount claimed for Fiscal Year 1997-98;

By Castro Valley Unified School District,  
Claimant.

NO. CSM 4435-I-13 and CSM 4435-I-39

***Graduation Requirements***

DECISION SUSTAINING THE STATE  
CONTROLLER'S REEVALUATION AND  
ORDER REMANDING CLAIM FOR  
PAYMENT

Pursuant to Peremptory Writ of Mandate  
Issued by Sacramento County Superior Court,  
Case No. 03CS01401 (Consolidated with Nos.  
03CS01568, 03CS01569, 03CS01570,  
03CS01702, 04CS00028)

*(Proposed for Adoption on October 26, 2006)*

**DECISION SUSTAINING THE STATE CONTROLLER'S REEVALUATION  
AND ORDER REMANDING CLAIM FOR PAYMENT**

The State Controller's reevaluation of the reimbursement claim filed by Castro Valley Unified School District was heard by the Commission on State Mandates (Commission) during a regularly scheduled hearing on July 28, 2006, pursuant to the Peremptory Writ of Mandate issued by the Sacramento County Superior Court, Case No. 03CS01401 (Consolidated with Nos. 03CS01568, 03CS01569, 03CS01570, 03CS01702, 04CS00028). Keith Petersen of SixTen and Associates appeared for and represented Castro Valley Unified School District. Mr. Petersen also appeared for and represented San Jose Unified School District, Sweetwater Union High School District, Grossmont Union High School District, and Clovis Unified School District. Art Palkowitz appeared for San Diego Unified School District. Sloan Simmons of Lozano Smith appeared for West Contra Costa Unified School District. Geoffrey Graybill, Deputy Attorney General, appeared for the State Controller's Office. The Commission, by a vote of 6 to 1, adopted the final staff analysis of the State Controller's reevaluation of claims, concluding that the State Controller's Office improperly denied the total amount of claims filed by Castro Valley Unified School District for teacher salary costs in years when the district provided no documentation of offsetting savings and improperly reduced the claims for teacher salary costs based on the Controller's use of the California Basic Educational Data System (CBEDS) data.



On August 1, 2006, pursuant to the Peremptory Writ of Mandate, the Commission sent the adopted final staff analysis to the State Controller's Office and returned the reevaluation of claims filed by Castro Valley Unified School District to the Controller for correction and resubmission to the Commission within 30 days. (See Attachment A.)

On August 31, 2006, the State Controller's Office filed a correction to its reevaluation of the claims filed by Castro Valley Unified School District, eliminating the adjustments made relative to offsetting savings. The Controller's letter states in relevant part the following:

This letter constitutes the correction of the Controller's reevaluation, as directed by the Commission on State Mandates. The Controller's Office continues to believe that the reduction in non-science teachers experienced by the claimants constitutes an offsetting savings that should have been identified in the claims. We also believe that the initial reevaluations performed by the Audits Division were correct and supported by substantial evidence. However, due to the limited information furnished by the claimants, and the narrow interpretation of the court's ruling by the Commission, we have no choice but to submit the following corrections to the reevaluations for the cases identified above: [table omitted].

The corrections eliminate the adjustments made relative to offsetting savings, resulting in full payment of the claimed amounts.  
(See Attachment B.)

On October 26, 2006, the Commission heard and decided the State Controller's reevaluation of claims filed by Castro Valley Unified School District, as corrected by the State Controller's Office on August 31, 2006, pursuant to the Peremptory Writ of Mandate. [The witness list will be included in the final order.]

Based on the Controller's August 31, 2006 letter, the Commission, by a vote of \_\_\_\_ [vote count will be included in the final order], finds that the State Controller's Office has agreed to pay Castro Valley Unified School District the entire amount claimed for teacher salary costs for the fiscal years identified in the caption above and that no further disputed issues exist on the incorrect reduction claim. Accordingly, the Commission concludes that the State Controller's Office properly reevaluated the claims filed by Castro Valley Unified School District. This decision is to be remanded to the State Controller's Office for payment in the amount of \$1,410,217, plus any interest pursuant to Government Code section 17561.5 as determined by the State Controller's Office.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Paula Higashi, Executive Director

BEFORE THE  
COMMISSION ON STATE MANDATES  
STATE OF CALIFORNIA

IN RE INCORRECT REDUCTION CLAIMS  
ON:

Education Code Section 51225.3  
Statutes of 1983, Chapter 498

Filed on October 4, 1995, to include Fiscal  
Years 1984-85 through 1992-93;

Amended on August 3, 2000, to include Fiscal  
Years 1993-94 through 1997-98

By Clovis Unified School District, Claimant.

NO. CSM 4435-I-06 and 4435-I-38

***Graduation Requirements***

DECISION SUSTAINING THE STATE  
CONTROLLER'S REEVALUATION AND  
ORDER REMANDING CLAIM FOR  
PAYMENT

Pursuant to Peremptory Writ of Mandate  
Issued by Sacramento County Superior Court,  
Case No. 03CS01401 (Consolidated with Nos.  
03CS01568, 03CS01569, 03CS01570,  
03CS01702, 04CS00028)

*(Proposed for Adoption on October 26, 2006)*

**DECISION SUSTAINING THE STATE CONTROLLER'S REEVALUATION  
AND ORDER REMANDING CLAIM FOR PAYMENT**

The State Controller's reevaluation of the reimbursement claim filed by Clovis Unified School District was heard by the Commission on State Mandates (Commission) during a regularly scheduled hearing on July 28, 2006, pursuant to the Peremptory Writ of Mandate issued by the Sacramento County Superior Court, Case No. 03CS01401 (Consolidated with Nos. 03CS01568, 03CS01569, 03CS01570, 03CS01702, 04CS00028). Keith Petersen of SixTen and Associates appeared for and represented Clovis Unified School District. Mr. Petersen also appeared for and represented San Jose Unified School District, Sweetwater Union High School District, Grossmont Union High School District, and Castro Valley Unified School District. Art Palkowitz appeared for San Diego Unified School District. Sloan Simmons of Lozano Smith appeared for West Contra Costa Unified School District. Geoffrey Graybill, Deputy Attorney General, appeared for the State Controller's Office. The Commission, by a vote of 6 to 1, adopted the final staff analysis of the State Controller's reevaluation of claims, concluding that the State Controller's Office improperly denied the total amount of claims filed by Clovis Unified School District for teacher salary costs in years when the district provided no documentation of offsetting savings and improperly reduced the claims for teacher salary costs based on the Controller's use of the California Basic Educational Data System (CBEDS) data.

On August 1, 2006, pursuant to the Peremptory Writ of Mandate, the Commission sent the adopted final staff analysis to the State Controller's Office and returned the reevaluation of claims filed by Clovis Unified School District to the Controller for correction and resubmission to the Commission within 30 days. (See Attachment A.)

On August 31, 2006, the State Controller's Office filed a correction to its reevaluation of the claims filed by Clovis Unified School District, eliminating the adjustments made relative to offsetting savings. The Controller's letter states in relevant part the following:

This letter constitutes the correction of the Controller's reevaluation, as directed by the Commission on State Mandates. The Controller's Office continues to believe that the reduction in non-science teachers experienced by the claimants constitutes an offsetting savings that should have been identified in the claims. We also believe that the initial reevaluations performed by the Audits Division were correct and supported by substantial evidence. However, due to the limited information furnished by the claimants, and the narrow interpretation of the court's ruling by the Commission, we have no choice but to submit the following corrections to the reevaluations for the cases identified above: [table omitted].

The corrections eliminate the adjustments made relative to offsetting savings, resulting in full payment of the claimed amounts.  
(See Attachment B.)

On October 26, 2006, the Commission heard and decided the State Controller's reevaluation of claims filed by Clovis Unified School District, as corrected by the State Controller's Office on August 31, 2006, pursuant to the Peremptory Writ of Mandate. [The witness list will be included in the final order.]

Based on the Controller's August 31, 2006 letter, the Commission, by a vote of \_\_\_\_ [vote count will be included in the final order], finds that the State Controller's Office has agreed to pay Clovis Unified School District the entire amount claimed for teacher salary costs for the fiscal years identified in the caption above and that no further disputed issues exist on the incorrect reduction claim. Accordingly, the Commission concludes that the State Controller's Office properly reevaluated the claims filed by Clovis Unified School District. This decision is to be remanded to the State Controller's Office for payment in the amount of \$4,403,323, plus any interest pursuant to Government Code section 17561.5 as determined by the State Controller's Office.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Paula Higashi, Executive Director

BEFORE THE  
COMMISSION ON STATE MANDATES  
STATE OF CALIFORNIA

IN RE INCORRECT REDUCTION CLAIMS  
ON:

Education Code Section 51225.3  
Statutes of 1983, Chapter 498

Filed on October 4, 1993, to include Fiscal  
Years 1984-85 through 1989-90;

Amended on February 15, 1995, to include  
Fiscal Years 1990-91 through 1992-93;

Amended on October 13, 1998, to include  
Fiscal Years 1993-94 through 1994-95;

Amended on September 3, 1999 to include  
Fiscal Years 1995-96;

By San Diego Unified School District,  
Claimant.

NO. CSM 4435-I-01 and 4435-I-37

***Graduation Requirements***

DECISION SUSTAINING THE STATE  
CONTROLLER'S REEVALUATION AND  
ORDER REMANDING CLAIM FOR  
PAYMENT

Pursuant to Peremptory Writ of Mandate  
Issued by Sacramento County Superior Court,  
Case No. 03CS01401 (Consolidated with Nos.  
03CS01568, 03CS01569, 03CS01570,  
03CS01702, 04CS00028)

*(Proposed for Adoption on October 26, 2006)*

**DECISION SUSTAINING THE STATE CONTROLLER'S REEVALUATION  
AND ORDER REMANDING CLAIM FOR PAYMENT**

The State Controller's reevaluation of the reimbursement claim filed by San Diego Unified School District was heard by the Commission on State Mandates (Commission) during a regularly scheduled hearing on July 28, 2006, pursuant to the Peremptory Writ of Mandate issued by the Sacramento County Superior Court, Case No. 03CS01401 (Consolidated with Nos. 03CS01568, 03CS01569, 03CS01570, 03CS01702, 04CS00028). Art Palkowitz appeared for San Diego Unified School District. Keith Petersen of SixTen and Associates appeared for and represented Clovis Unified School District, San Jose Unified School District, Sweetwater Union High School District, Grossmont Union High School District, and Castro Valley Unified School District. Sloan Simmons of Lozano Smith appeared for West Contra Costa Unified School District. Geoffrey Graybill, Deputy Attorney General, appeared for the State Controller's Office. The Commission, by a vote of 6 to 1, adopted the final staff analysis of the State Controller's reevaluation of claims, concluding that the State Controller's Office improperly denied the total amount of claims filed by San Diego Unified School District for teacher salary costs in years when the district provided no documentation of

offsetting savings and improperly reduced the claims for teacher salary costs based on the Controller's use of the California Basic Educational Data System (CBEDS) data.

On August 1, 2006, pursuant to the Peremptory Writ of Mandate, the Commission sent the adopted final staff analysis to the State Controller's Office and returned the reevaluation of claims filed by San Diego Unified School District to the Controller for correction and resubmission to the Commission within 30 days. (See Attachment A.)

On August 31, 2006, the State Controller's Office filed a correction to its reevaluation of the claims filed by San Diego Unified School District, eliminating the adjustments made relative to offsetting savings. The Controller's letter states in relevant part the following:

This letter constitutes the correction of the Controller's reevaluation, as directed by the Commission on State Mandates. The Controller's Office continues to believe that the reduction in non-science teachers experienced by the claimants constitutes an offsetting savings that should have been identified in the claims. We also believe that the initial reevaluations performed by the Audits Division were correct and supported by substantial evidence. However, due to the limited information furnished by the claimants, and the narrow interpretation of the court's ruling by the Commission, we have no choice but to submit the following corrections to the reevaluations for the cases identified above: [table omitted].

The corrections eliminate the adjustments made relative to offsetting savings, resulting in full payment of the claimed amounts.  
(See Attachment B.)

On October 26, 2006, the Commission heard and decided the State Controller's reevaluation of claims filed by San Diego Unified School District, as corrected by the State Controller's Office on August 31, 2006, pursuant to the Peremptory Writ of Mandate. [The witness list will be included in the final order.]

Based on the Controller's August 31, 2006 letter, the Commission, by a vote of \_\_\_\_ [vote count will be included in the final order], finds that the State Controller's Office has agreed to pay San Diego Unified School District the entire amount claimed for teacher salary costs for the fiscal years identified in the caption above and that no further disputed issues exist on the incorrect reduction claim. Accordingly, the Commission concludes that the State Controller's Office properly reevaluated the claims filed by San Diego Unified School District. This decision is to be remanded to the State Controller's Office for payment in the amount of \$16,162,373, plus any interest pursuant to Government Code section 17561.5 as determined by the State Controller's Office.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Paula Higashi, Executive Director