In the Supreme Court of the State of California

CALIFORNIA SCHOOL BOARDS ASSOCIATION, and its EDUCATIONAL LEGAL ALLIANCE; et al.,

Plaintiffs and Appellants,

v.

STATE OF CALIFORNIA, et al.,

Defendants and Respondents.

Case No. S247266

First Appellate District, Division Five, Case No. A148606 Alameda County Superior Court, Case No. RG11554698 The Honorable Evelio Martin Grillo, Judge

ANSWER TO PETITION FOR REVIEW

XAVIER BECERRA Attorney General of California THOMAS S. PATTERSON Senior Assistant Attorney General CONSTANCE L. LELOUIS Supervising Deputy Attorney General SETH E. GOLDSTEIN Deputy Attorney General State Bar No. 238228 1300 I Street, Suite 125 P.O. Box 944255 Sacramento, CA 94244-2550 Telephone: (916) 210-6063 Fax: (916) 324-8835

Email: Seth.Goldstein@doj.ca.gov

Attorneys for Defendants and

Respondents State of California, State Controller John Chiang, and Director of the Department of Finance Michael

Cohen

TABLE OF CONTENTS

			Page
Introduction	ı		5
Statement o	f the C	ase	6
I.	Calif	fornia Mandates Law	6
II.	The	Two Mandates at Issue in This Case	7
	A.	Behavioral Intervention Plans (BIP)	7
	B.	Graduation Requirements (Second Science Course)	7
III.	Trial	Court Proceedings	9
IV.	Proc	eedings in the Court of Appeal	9
Reasons to	Deny R	Review	10
I.	This	Case Does Not Meet the Standards for Review	10
II.	There Are Several Outstanding Claims Still to Be Resolved		12
III.		Court of Appeal Correctly Analyzed the licable Authorities and Reached the Correct Result	lt 13
	A.	The Two Offset Statutes Are Constitutional Because the Legislature Can Prioritize How School Districts Use State Funding	14
	B.	The Funding at Issue Is State Funding, Not Local	17
	C.	The Legislation Does Not Violate Separation o	
Conclusion			19

TABLE OF AUTHORITIES

	Page
CASES	
California Sch. Boards Assn. v. State (2011) 192 Cal.App.4th 770	15, 17
California School Boards Association v. State (2009) 171 Cal.App.4th 1183	19
California Teachers Association v. Hayes (1992) 5 Cal.App.4th 1513	14
City of San Jose v. State of California (1996) 45 Cal.App.4th 1802	13, 14, 16
County of Fresno v. State (1991) 53 Cal.3rd 482, 485, 487	15
County of Sonoma v. Commission on State Mandates (2000) 84 Cal.App.4th 1264	11, 16
Department of Finance v. Commission on State Mandates (Kern) (2003) 30 Cal.4th 727	14, 15, 16
Kinlaw v. State of California (1991) 54 Cal.3d 326	6
People v. Gilbert (1969) 1 Cal.3d 475	19
Wells v. One2One Learning Foundation (2006) 39 Cal.4th 1164	8
STATUTES	
Code of Civil Procedure § 583.310	9, 13

TABLE OF AUTHORITIES (continued)

	Page
Education Code	
§ 41207.4, subd. (b)	11
§ 41207.4, subd. (c)	11
§ 42238.02	8
§ 42238.03	8
§ 42238.24	
§ 51225.3	
§ 56523	
§ 56523, subd. (a)	
§ 56523, subd. (f)	passim
Government Code	
§ 7906, subd. (c)(2)	18
§ 17551	6
§ 17552	
§ 17557	
§ 17557, subd. (d)(2)(B)	
§ 17560	
§ 17581.6	
§ 17581.6, subd. (d)	
§ 17581.6, subd. (f)(23)	8, 11
CONSTITUTIONAL PROVISIONS	
California Constitution	
Article XIIIB, § 6	passim
Article XIIIB, § 8, subd. (c)	
Article III, § 36	12
Article XIII, § 36, subd. (e)	8
COURT RULES	
California Rules of Court	
Rule 8.500, subd. (b)(1)	10
OTHER AUTHORITIES	
Statutes 2013, Chapter 48 (A.B. 86), § 78, eff. July 1, 2013	8

INTRODUCTION

The California Constitution requires the State to reimburse local governments for the cost of state mandated local programs, otherwise known as mandates. At issue in this petition for review are two 2010 statutes that required school districts to first use other sources of state funding provided to schools for two state mandates—behavioral intervention plans and graduation requirements—before requesting any additional reimbursement. Nearly eight years after the statutes were enacted, they are functionally obsolete, and the California School Boards Association and other petitioners ("CSBA") seek additional reimbursement for mandates that they have already been reimbursed for. In a unanimous decision certified for partial publication, the Court of Appeal reasonably determined that CSBA was not entitled to additional revenue.

This Court should deny the petition for several reasons. First, the case does not meet the standards for granting review. Although CSBA claims the decision is a matter of statewide importance, the statutes held constitutional in the Court of Appeal decision are primarily historical artifacts. This is because the behavioral intervention plan mandate was repealed in 2013, and schools no longer need to comply with it. And the graduation requirements mandate has, also since 2013, been reimbursed in a different manner for the vast majority of school districts, meaning that the offset statute is not applicable to these schools either. Second, because the Court of Appeal's decision remanded most issues back to the trial court for further consideration, many of the issues in the case about the mandates process remain unadjudicated. Finally, the Court of Appeal correctly analyzed the statutes and applied this Court's decisions.

Notwithstanding CSBA's dispute about the result, the petition lacks merit and should be denied.

STATEMENT OF THE CASE

I. CALIFORNIA MANDATES LAW

Article XIIIB, section 6 requires the Legislature to provide funding to local government whenever it requires local government to provide a new program or higher level of service. (Cal. Const., art. XIIIB, § 6.) The Legislature created the Commission on State Mandates, a quasi-judicial agency vested with the exclusive authority to adjudicate all disputes over the existence and reimbursement of state-mandated programs. (*Kinlaw v. State of California* (1991) 54 Cal.3d 326, 342-43; Gov. Code, §§ 17551, 17552.) Local agencies and school districts may file claims with the Commission for reimbursement of state-mandated costs under section 6. (Gov. Code, §§ 17551, 17560.) If the Commission determines that a state-imposed mandate exists, then the Commission must determine the amount of reimbursement and adopt parameters and guidelines for reimbursement of any claims. (Gov. Code, § 17557.)

The Legislature has made a number of changes to the mandates process over the last decade, and three are the subject of the petition for review. In 2010, the Legislature adopted Government Code section 17557, subdivision (d)(2)(B), which allows the Commission to amend the parameters and guidelines for any mandate in certain circumstances. Also in 2010, the Legislature adopted Education Code sections 56523, subdivision (f)² and 42238.24, which require school districts to pay for two specific mandates first from funds they received from the state.

¹ CSBA's challenge regarding this statute is how it interacts with the two offset statutes. (See Petition, pp. 14-15.) CSBA's brief and this brief therefore focus on the offset statutes themselves.

² Education Code section 56523, subd. (f) provides in relevant part: "Commencing with the 2010–11 fiscal year, if any activities authorized (continued...)

II. THE TWO MANDATES AT ISSUE IN THIS CASE

A. Behavioral Intervention Plans (BIP)

In 1990, the Legislature enacted former Education Code section 56523, which provided BIPs for special education students with exceptional needs. In 2000, the Commission found BIPs to constitute a mandate. (II JA 684-685.) In crafting the parameters and guidelines, the Commission relied on Education Code section 56523(f), which requires school districts to first use special education funds appropriated to them by the State to offset BIP costs before claiming additional reimbursement. (*Id.*, pp. 725-729.) In 2013, the Legislature repealed the regulations that were the basis of the BIP mandate. (See Ed. Code, § 56523, subd. (a); Petition, p. 17, fn. 6 [conceding same]; see also http://csm.ca.gov/decisions/14-MR-05_Decision.pdf [Commission on State Mandates determines BIP ceased to be a mandate as of July 1, 2013].)

B. Graduation Requirements (Second Science Course)

In 1983, the Legislature added section 51225.3 to the Education Code, which requires students to complete at least two science courses (instead of one) to receive a high school diploma. In 1987, the Commission found this

pursuant to this chapter and implementing regulations are found be a state reimbursable mandate . . . state funding provided for purposes of special education pursuant to Item 6110-161-0001 of Section 2.00 of the annual Budget Act shall first be used to directly offset any mandated costs."

^{(...}continued)

³ Education Code section 42238.24 states in relevant part: "Costs related to the salaries and benefits of teachers incurred by a school district or county office of education to provide [the second science course] shall be offset by the amount of state funding apportioned to the district pursuant to this article, or in the case of a county office of education pursuant to Article 2 (commencing with Section 2550) of Chapter 12 of Part 2 of Division 1 of Title 1, and the amount of state funding received from any of the items listed in Section 42605 that are contained in the annual Budget Act."

second science course to be a mandate. (II JA 492-497.) In 2010, Education Code section 42238.24 was adopted, which requires school districts to first use three sources of state funds to pay for this mandate before seeking additional reimbursement.⁴

In 2013, mandate reimbursement for graduation requirements became part of the mandates block grant (Gov. Code, § 17581.6, subd. (f)(23); see also Stats. 2013, ch. 48 (A.B. 86), § 78, eff. July 1, 2013)—a voluntary alternative to the traditional mandates reimbursement process. The mandate block grant allows districts to bypass having to submit detailed claims listing how much time and money was spent on mandated activities, and instead receive a block grant on a per student basis that encompasses most education mandates. (Gov. Code, § 17581.6.) In other words, rather than claim payment for each mandate individually, the block grant allows a school district to receive funding for all mandates without having to justify the time spent in performing each mandate. Schools that utilize the block grant are relieved from requesting reimbursement, and therefore are

⁴ School districts are required to pay for the cost of the salaries and benefits for teachers who teach the second science course with: 1) revenue limit funding; 2) Local Control Funding Formula money (LCFF); and 3) Education Protection Account moneys. (See III JA 775, # 12.) Revenue limit funding is a system of equalized funding in which the Legislature contributes to school districts to bring about an equivalency of revenues. (*Wells v. One2One Learning Foundation* (2006) 39 Cal.4th 1164, 1194.) Revenue limit funding was replaced by the LCFF in 2013-2014 (see Ed. Code, §§ 42238.02, 42238.03), which likewise attempts to reduce resource disparities between schools. Education Protection Account moneys are general purpose state aid funding approved by voters in 2012. (See Cal. Const., art. XIII, § 36, subd. (e).) The Legislature has annually provided school districts between \$20 and \$30 billion in these types of funding that must first be used to pay for the mandate (III JA 775, # 13), which CSBA alleges costs schools approximately \$200 million annually. (II JA 413.)

unaffected by Education Code section 42238.24. (See Gov. Code, § 17581.6, subd. (d).)

III. TRIAL COURT PROCEEDINGS

On January 6, 2011, CSBA sued the state and various officials asserting generally that the state was implementing the mandates process in a manner that deprived schools of their right to reimbursement. (I JA 23-49.) The operative third amended complaint (I JA 285-316) listed four causes of action. As described by CSBA, the issues are:

1) Whether the State can constitutionally designate certain revenues as 'offsetting revenues' that will reduce or eliminate the State's reimbursement obligation (first and second causes of action); 2) Whether the State can constitutionally eliminate the finality of administrative mandate decisions with a 'new test claim' process (third cause of action); and 3) Whether the current administrative system for reimbursement satisfies the constitutional requirements (fourth cause of action).

(II JA 372.)

CSBA moved to bifurcate the case and "to proceed on the first and second causes of action initially." (*Id.*, p. 373.) After bifurcation was granted (*id.*, p. 393), the trial court denied the petition for writ of mandate, finding that the statutes that designated offsetting revenue were constitutional. (III JA 1055-1083.) CSBA then unsuccessfully sought to amend their petition to argue new theories about the first cause of action. (IV JA 1128.) The trial court later dismissed the remainder of the case in 2016 as CSBA had not brought the remaining claims to trial within five years. (Code Civ. Proc., § 583.310; V JA 1250-1253.)

IV. PROCEEDINGS IN THE COURT OF APPEAL

The Court of Appeal affirmed in part and reversed in part. In the published portion of the opinion, the Court held that the offset statutes did not violate article XIIIB, section 6 of the California Constitution. (Slip. Op., p. 14-21.) It also held that the Legislature's actions in enacting the statutes

did not violate separation of powers principles. (Slip. Op., pp. 21-28.) However, in the unpublished part of the opinion, the Court held that the trial court erred in denying CSBA's motion to amend to add a new legal theory to the first cause of action. (Slip. Op., p. 28-32.) The Court also determined that the trial court erred in dismissing CSBA's third and fourth causes of action pursuant to the five-year rule. (Slip. Op., pp. 32-36.) The Court remanded the case to the trial court for further proceedings on the first, third, and fourth causes of action. (Slip. Op., p. 36.) The Court then denied a petition for rehearing filed by CSBA.

REASONS TO DENY REVIEW

I. THIS CASE DOES NOT MEET THE STANDARDS FOR REVIEW

CSBA does not explicitly state why this case is appropriate for review. The opinion below does not conflict with any other published opinion. (See Cal. Rule of Court 8.500, subd. (b)(1).) And while CSBA asserts that the decision below "has potentially far-reaching consequences" (Petition, p. 6), CSBA is mistaken. At this point in time, the two offset statutes are primarily a matter of historical interest rather than of ongoing concern.

Education Code sections 56523(f) and 42238.24 were enacted in 2010. Although CSBA filed its lawsuit in early 2011, it did not bring its challenge to these statutes to trial until 2015. Currently the statutes have little to no application going forward, making this case primarily about schools seeking additional funds for work performed years ago rather than as an ongoing matter of statewide concern. While schools might desire additional revenue for the work they did earlier in this decade, this does not rise to the level of statewide importance that CSBA claims.⁵

⁵ Even if CSBA were to prevail, it is unclear whether there would be any additional revenue for schools. This is because Proposition 98 "provides the formulas for determining the minimum to be appropriated [to (continued...)

Education Code section 56523(f), which requires school districts to first use special education funds appropriated to them by the State to offset BIP costs, was functionally repealed in 2013 when the BIP mandate was repealed. (See Ed. Code, § 56523, subd. (a) [Legislature repealed regulations for BIP mandate in 2013]; Petition, p. 17, fn. 6 [conceding same].) In other words, because BIP is no longer a mandate and schools no longer need to provide services for it, the only issue left is whether the State should have provided schools with more BIP funding between 2010 and 2013 (from the enactment of section 56523(f) until the repeal of BIP).

And the impact of Education Code section 42238.24, which requires schools to first use three sources of state funding before seeking additional funding for the graduation requirements mandate, has ceased to be a live issue for the vast majority of schools as of 2013, when graduation requirements became part of the mandates block grant. (Gov. Code, § 17581.6, subd. (f)(23).) As described above, the block grant is a voluntary alternative—schools are paid a set amount for all mandates rather than having to file a claim for each one. (See Gov. Code, § 17581.6.)

The record demonstrates that more than 90% of schools, representing 95% of the students in the state, accepted the block grant as of 2013-14. (JA Vol III, tab 39, p. 864.) And the number has only increased, with the

^{(...}continued)

schools] every budget year." (*County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, pp. 1289-90.) If the Legislature appropriates funds for a mandate, this funding can be part of the Proposition 98 guarantee. (See, e.g., Ed. Code, § 41207.4, subds. (b), (c) [mandate appropriation satisfies Proposition 98 guarantee]; III JA Vol. III 848, 852 [traditional mandate appropriations and mandate block grant appropriations part of Proposition 98 funding]; III JA 828, 829, ¶¶ 5-6.) In other words, if the Legislature appropriates more mandate funds for schools in a given budget year, schools will not generally receive more net funding from the State. (See III JA 828, ¶¶ 5, 6.)

Legislative Analyst's Office noting "[n]ear universal participation in [the] block grant" of 95% of schools by 2016-2017, representing 99% of the state's students.

(http://www.lao.ca.gov/Publications/Report/3549#K.201112_Education_in _Context [as of March 21, 2018].) Accordingly, almost all schools are currently receiving funding for graduation requirements through the block grant, and are not subject to the offsets of 42238.24. Therefore, for the vast majority of schools, the effect of 42238.24 is no longer a live controversy.

Accordingly, the two statutes at issue in the decision below have almost no future application. Moreover, the alleged "potentially farreaching consequences" and the "end[ing] [of] payment for education mandates" that CSBA claimed in their petition has simply not come to pass. (Pet., pp. 5-6.) In the approximately eight years since Education Code sections 56523(f) and 42238.24 were enacted, the Legislature has not passed any other legislation similar in purpose or effect as these two statutes. And CSBA does not point to any current or pending bills that would act similarly to these two statutes. If similar statutes are enacted in the future, and if they are challenged, this Court would be able to review them then when they present a more concrete case or controversy.

II. THERE ARE SEVERAL OUTSTANDING CLAIMS STILL TO BE RESOLVED

Many issues in this case about mandate funding and the two statutes addressed in the Court of Appeal's decision remain unresolved, and will go back to the trial court for further development. After the trial court tentatively ruled that the offset statutes were constitutional, CSBA sought leave to amend to assert that the same statutes violated article III, section 36, of the California Constitution given that it allowed the state to consider Education Protection Account funds as offsetting state funding. (III JA 1002-1006.) Although the trial court denied leave to amend because of the

lateness of the claim (IV JA 1127-1129), the decision below reversed and remanded, allowing CSBA to bring this claim to trial. (Slip Op., p. 32.)

Moreover, two other constitutional challenges were dismissed by the trial court for failure to bring the claims to trial within five years as required by Code of Civil Procedure section 583.310. (V JA 1256-1259.) The Court of Appeal reversed the trial court on this decision too, allowing CSBA to assert whether certain amendments to the Education Code allow the Commission to set aside final test claim decisions. (Slip. Op., p. 33.) And CSBA will be allowed to develop their fourth cause of action, which seems to challenge the constitutionality of the entire mandate system. (Slip. Op., p. 34.) With so many outstanding claims, including challenges to various aspects of the two Education Code provisions that the Court of Appeal already upheld, this Court need not become involved in the litigation now.

III. THE COURT OF APPEAL CORRECTLY ANALYZED THE APPLICABLE AUTHORITIES AND REACHED THE CORRECT RESULT

Moreover, the Court of Appeal correctly analyzed the statutes and applied the authorities and reached the correct result. CSBA challenges the offset statutes as being inconsistent with article XIIIB, section 6, but fails to identify any case law that interprets that constitutional provision in the manner they suggest. In fact, all case law supports the Court of Appeal's opinion that the statutes are constitutional. And although CSBA contends that the State is not providing enough money for schools through the mandate process, "there is no basis for applying section 6 as an equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities." (*City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.)

A. The Two Offset Statutes Are Constitutional Because the Legislature Can Prioritize How School Districts Use State Funding

CSBA asserts that the decision below erred in upholding the constitutionality of Education Code sections 42238.24 and 56523(f). (Petition, p. 19-30.) Both provisions require that schools first use other sources of state funding before they can seek additional reimbursement through the mandates process. But because the Legislature has the ability to direct what funds should be used first to pay for the cost of the mandate, CSBA's claim that the statutes are unconstitutional fails. In California Teachers Association v. Hayes (1992) 5 Cal. App. 4th 1513, 1518, the Court noted that school districts are agents of the state "rather than independent, autonomous political bodies," and that they "do not have a proprietary interest in moneys which are apportioned to them." (*Id.*, p. 1533.) Accordingly, the Court upheld the Legislature's decision to include funding for certain child care services within the Proposition 98 guarantee. (*Id.*, pp. 1532-33.) Here regarding the two mandates, just like in *California* Teachers Association, the Legislature is directing school districts how to expend funds, and nothing in the text of article XIIIB, section 6 prohibits this. (See City of San Jose, supra, 45 Cal.App.4th at pp. 1816-1817 ["A strict construction of section 6 is in keeping with rules of constitutional interpretation, which require that constitutional limitations and restrictions on legislative power are to be construed strictly, and are not to be extended to include matters not covered by the language used"].)

Additionally, this Court has already held that a program is not a mandate if the Legislature provides funds to the local agency sufficient to cover the program's cost. In *Department of Finance v. Commission on State Mandates (Kern)* (2003) 30 Cal.4th 727, two school districts and a county alleged they had a right to reimbursement from the state for

statutory notice and agenda requirements for a number of school-related educational programs. (*Id.*, pp. 730-731.) Concerning an advisory committee, the Court noted the State was already giving schools funds to comply and those funds had to be used for reasonable administrative expenses. (Id., p. 747.) Accordingly, the Court found that "the costs necessarily incurred in complying with the notice and agenda requirements under that funded program do not entitle claimants to obtain reimbursement under article XIII B, section 6, because the state, in providing program funds to claimants, already has provided funds that may be used to cover the necessary notice and agenda-related expenses." (Id., pp. 746-747, emphasis added; see also County of Fresno v. State (1991) 53 Cal.3rd 482, 485, 487 [hazardous waste program item not a mandate because local government entity need not expend its own tax revenues].) Of course, here the item is a mandate, but the same principles apply. Because the state is providing funds for the program, and schools need not use their own tax revenues to pay for the costs of the programs, there is no right to additional reimbursement. (Slip Op., pp. 16-17, 21; see also California Sch. Boards Assn. v. State (2011) 192 Cal. App. 4th 770, 787 [state cannot "requir[e] . . . local entities to use their own revenues to pay for the programs"].)

CSBA's arguments to the contrary are unpersuasive and primarily rely on alleged distinctions not present in the cases themselves. CSBA argues that the decision below reads *Kern* too broadly and "reads education agencies out of section 6." (Petition, pp. 22-23.) But it is unclear how this could be the case. There are numerous education mandates in which schools continue to receive reimbursement through the traditional mandates process or block grant despite the presence of the two offset statutes. CSBA also attempts to draw a distinction between categorical and noncategorical funding that is simply not present or discussed in any of the cases. (Petition, pp. 23-24.) And CSBA's strained attempt to read *County*

of Fresno as being about "the relationship between the spending limitations of article XIIIB and section 6 reimbursement" (Petition, p. 24) is unsupported by any authority.

Finally, CSBA argues that an additional problem arises with BIPs because the special education funding used as an offset was "already underfunded." (Petition, p. 28.) CSBA alleged that BIP used to cost schools \$65 million a year (until it was repealed in 2013) (II JA 417), but the state provided schools with over \$3 billion each year to pay for special education. (See III JA 777-778, # 21.) That is clearly enough revenue such that schools would not need to use local revenues to pay for BIPs. In other words, the special education funding provided by Education Code 56523(f) was the subvention or reimbursement required by article XIIIB, section 6. And schools were required to offset BIP *first* before paying for other special education programs, meaning that although CSBA complains that they did not have enough special education funding, there would be enough for BIPs. Alleged shortages elsewhere for other programs, while not proven, are in any event simply not a constitutional problem. As this Court noted, "[t]he circumstance that the program funds claimants may have wished to use exclusively for substantive program activities are thereby reduced, does not in itself transform the related costs into a reimbursable state mandate." (Kern, supra, 30 Cal.4th at p. 748; see also County of Sonoma, supra, 84 Cal. App. 4th at p. 1285 [decreases in county revenues caused by state shift of funds from counties to schools not a mandate]; City of San Jose, supra, 45 Cal. App. 4th at p. 1816 [Court not "persuaded by the argument that budget cuts in other programs trigger the subvention requirement in section 6"].)

B. The Funding at Issue Is State Funding, Not Local

CSBA also claims that the moneys at issue here are local revenues and local proceeds of taxes, and therefore cannot be used for mandate reimbursement. CSBA is incorrect.

Only state funding can be used as an offset under the clear terms of the statutes. Education Code section 42238.24 provides that costs for teachers to provide the second science course "shall be offset by the amount of *state funding* apportioned to the district pursuant to this article . . . and the amount of *state funding* received from any of the items listed in Section 42605 that are contained in the annual Budget Act." (Educ. Code, § 42238.24.) Similarly, Education Code section 56523(f) provides that for BIPs, "*state funding* provided for purposes of special education . . . shall first be used to directly offset any mandated costs." (Educ. Code, § 56523, subd. (f).) Accordingly, the terms of the offset statutes make clear that schools are not required to use their tax revenues to pay for the costs of the programs, which is the focus of article XIIIB, section 6. (*California Sch. Boards Assn.*, *supra*, 192 Cal.App.4th at 787.) And, as discussed above, even if there is less general purpose revenue because of the offset statutes, this does not violate article XIIIB, section 6.

CSBA's argument that the reimbursement at issue here is local "proceeds of taxes" fares no better, even if CSBA had preserved the claim.⁶ The phrase "proceeds of taxes" refers to the state and local appropriations limit found elsewhere in article XIIIIB. CSBA claims that the statutes at

⁶ This argument was not pled in the complaint and not presented to the trial court. Nowhere in the operative complaint is there a discussion of "proceeds of taxes" and the state appropriations limit. (1 JA 285-316.) CSBA also did not brief this argument in the trial court (See 2 JA 398-423), and it was therefore not discussed in the trial court's decision. This Court should therefore consider this theory forfeited.

issue here require schools to use their own tax revenue to pay for the mandates. As described above, it is state funding that must be used for the offsets. And state mandate reimbursement payments do not count towards local government's appropriation limits. Because the funding given to schools under the offset provisions is mandate reimbursement, this revenue is simply not a school district's local "proceeds of taxes." (See Cal. Const., art. XIIIB, § 8, subd. (c) [mandate reimbursement not local government's proceeds of taxes]; Gov. Code, § 7906, subd. (c)(2) [same].) Accordingly, the State is not directing what a local government can or cannot do with the local government's own "proceeds of taxes."

C. The Legislation Does Not Violate Separation of Powers

CSBA finally argues that the Court misconstrued the separation of powers issue in the mandate context. (Petition, p. 30.) CSBA asserts that the finding that BIPs and graduation requirements are mandates means there was a finding that there were no sufficient funds available to pay these costs and that the offset statutes "allow[] the State to effectively overrule the mandate determination." (*Id.*, pp. 30-31.) It is CSBA that misconstrues the decision below and the earlier Commission decisions.

When the Commission determined that graduation requirements and BIPs were mandates, it determined that the State was required to provide reimbursement for them. These decisions were made in 1987 and 2000, respectively. (II JA 492-494, 667.) At the time, there were no statutes that required schools to first use other sources of revenue before seeking additional reimbursement through the mandates process.

For example, the parameters and guidelines for graduation requirements in 1987 simply provided that "reimbursement for this mandate received from any source, e.g., federal, state, block grants, etc., shall be identified and deducted from this claim." (II JA 496.) Because the issue of offsetting revenue limits funding was not addressed at all in the

Commission's decision, the 2010 legislation could hardly be seen as attempting to override that decision. A similar logic applies to the BIPs determination in 2000. The Commission simply stated that DOF did not contend that there was evidence of offsetting savings. (II JA 684.) There was nothing in this decision about the use of special education funding. If the Commission did not decide a legal issue, the Legislature is not contravening it when it enacts subsequent legislation. (Cf. *People v. Gilbert* (1969) 1 Cal.3d 475, 482 fn. 7 ["It is axiomatic that cases are not authority for propositions not considered"].)

Additionally, CSBA's claim that the decision set asides or nullifies the Commission's decision is incorrect. No one disputes that graduation requirements is still a mandate, or that BIPs was a mandate until it was repealed in 2013. CSBA's reliance on *California School Boards***Association v. State (2009) 171 Cal.App.4th 1183 is misplaced. In that case, the Legislature "direct[ed] . . . the Commission [on State Mandates] to redecide cases that were already final." (*Id.* at p. 1189.) In other words, the Legislature directed a quasi-judicial agency to vacate some of its prior decisions, which raised separation of powers concerns. But the concerns set forth in that case are simply not implicated here, as the Legislature has not attempted to override the Commission and assert that an item is not a mandate, or to redecide a specific decision. And CSBA conceded this below. (See AOB, p. 44 [admitting "that the legislation at issue did not directly seek to set aside the original mandate determinations made by the Commission"].)

CONCLUSION

For the reasons set forth above, the Court should deny the petition for review.

Dated: March 27, 2018 Respectfully submitted,

XAVIER BECERRA
Attorney General of California
THOMAS S. PATTERSON
Senior Assistant Attorney General
CONSTANCE L. LELOUIS
Supervising Deputy Attorney General

/S/ SETH E. GOLDSTEIN

SETH E. GOLDSTEIN
Deputy Attorney General
Attorneys for Appellees and Respondents
State of California, State Controller John
Chiang, and Director of the Department of
Finance Michael Cohen

CERTIFICATE OF COMPLIANCE

I certify that the attached ANSWER TO PETITION FOR

REVIEW uses a 13 point Times New Roman font and contains 4,080 words.

Dated: March 27, 2018 XAVIER BECERRA

Attorney General of California

/S/ SETH E. GOLDSTEIN

SETH E. GOLDSTEIN
Deputy Attorney General
Attorneys for Appellees and Respondents
State of California, State Controller John
Chiang, and Director of the Department of
Finance Michael Cohen

DECLARATION OF ELECTRONIC SERVICE AND SERVICE BY U.S. MAIL

Case Name: California School Boards Association v. State of California

No.: **S247266**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter. I am familiar with the business practice at the Office of the Attorney General for collecting and processing electronic and physical correspondence. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the United States Postal Service with postage thereon fully prepaid that same day in the ordinary course of business. Correspondence that is submitted electronically is transmitted using the TrueFiling electronic filing system. Participants who are registered with TrueFiling will be served electronically. Participants in this case who are not registered with TrueFiling will receive hard copies of said correspondence through the mail via the United States Postal Service or a commercial carrier.

On March 27, 2018, I electronically served the attached ANSWER TO PETITION FOR REVIEW by transmitting a true copy via this Court's TrueFiling system. In addition, I placed a true copy thereof enclosed in a sealed envelope in the internal mail collection system at the Office of the Attorney General at 1300 I Street, Suite 125, P.O. Box 944255, Sacramento, CA 94244-2550, addressed as follows:

Deborah B. Caplan Richard C. Miadich Olson Hagel & Fishburn LLP 555 Capitol Mall, Suite 1425 Sacramento, CA 95814-4602

Tel: (916) 442-2952 Fax: (916) 442-1280

Email: deborah@olsonhagel.com
Attorney for California School Boards

Association

Clerk of the Court Alameda County Superior Court 1225 Fallon Street Oakland, CA 94612-4293 Courtesy Copy Via First Class Mail Re: Case No. RG11554698 Camille Shelton
Chief Legal Counsel
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814-2719

Tel: (916) 323-3562 Fax: (916) 445-0278

Email: <u>Camille.shelton@csm.ca.gov</u>

Attorney for Commission on State Mandates

Clerk of the Court
California Court of Appeal
First Appellate District, Division 5
350 McAllister Street
San Francisco, CA 94102
(Served via True Filing Electronic Service
pursuant to 8.212(c)(2). Case No. A148606)

I declare under penalty of perjury under the laws of the State of California the foregoi	ng is true
and correct and that this declaration was executed on March 27, 2018, at Sacramento,	California.

Eileen A. Ennis

Declarant

Signature

SA2016102091 13006922.docx

Supreme Court of California

Jorge E. Navarrete, Clerk and Executive Officer of the Court

Electronically FILED on 3/27/2018 by Celia Wong, Deputy Clerk

STATE OF CALIFORNIA

Supreme Court of California

PROOF OF SERVICE

STATE OF CALIFORNIASupreme Court of California

Case Name: CALIFORNIA SCHOOL BOARDS ASSOCIATION v. STATE OF CALIFORNIA

Case Number: **S247266**Lower Court Case Number: **A148606**

- 1. At the time of service I was at least 18 years of age and not a party to this legal action.
- 2. My email address used to e-serve: seth.goldstein@doj.ca.gov
- 3. I served by email a copy of the following document(s) indicated below:

Title(s) of papers e-served:

Filing Type	Document Title
ANSWER TO PETITION FOR REVIEW (WITH ONE TIME RESPONSIVE FILING	Answer to Petition for
FEE)	Review

Service Recipients:

Person Served	Email Address	Type	Date / Time
Camille Shelton	camille.shelton@csm.ca.gov	e-	3/27/2018
Commission On State Mandates	_	Service	1:41:15 PM
166945			
DEBORAH CAPLAN	deborah@olsonhagel.com	e-	3/27/2018
OLSON HAGEL & FISHBURN LLP		Service	1:41:15 PM
196606			
Seth Goldstein	seth.goldstein@doj.ca.gov	e-	3/27/2018
California Dept of Justice, Office of the Attorney General		Service	1:41:15 PM
238228			

This proof of service was automatically created, submitted and signed on my behalf through my agreements with TrueFiling and its contents are true to the best of my information, knowledge, and belief.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

a decide contact penalty of perjuly a	 • 01 001110111100 11100 1110	71 6 80 111 8 10 11 11 11 11 11 11 11	
Date			
/s/Seth Goldstein			
Signature			
Goldstein, Seth (238228)			
Last Name, First Name (PNum)			

California Dept of Justice, Office of the Attorney General

Law Firm