

The California Supreme Court (and Court of Appeal) – August 15-19, 2022

by Faisal Zubairi, Jill Gutierrez, and Jessica M. Leano

The California Supreme Court issued the following decision this week:

Coast Community College Dist. v. Commission on State Mandates, No. S262663:

The Supreme Court addressed whether several community college districts (the “districts”) were “legally compelled” to comply with regulations that imposed conditions on their receipt of state funding. These regulations targeted core areas of community college administration, including matriculation, hiring faculty, and curriculum selection. Districts that did not comply with the conditions prescribed by the regulations risked consequences up to the loss of state funding.

The districts sought reimbursement for costs incurred in complying with the regulations, first filing a claim with the Commission on State Mandates (the “Commission”), a quasi-judicial body that adjudicates whether a state mandate exists. The Commission found that there was no mandate, as the districts had not shown that the regulations compelled them to take any action. Rather, compliance removed the *possibility* that a district’s funding would be withheld. The districts challenged the Commission’s decision in the superior court, which affirmed. In addition to finding no legal compulsion, the superior court found no “practical” compulsion, either, because the districts cited no evidence establishing that they needed state funds to operate.

The Court of Appeal reversed in part, concluding that the districts *were* legally compelled to follow the regulations because they targeted the districts’ “underlying core functions.” Further, the court pointed to evidence in the record showing that the districts did rely on state aid to function. The Commission and the Department of Finance sought Supreme Court review, contending that the Court of Appeal erred in its finding of legal compulsion.

The Supreme Court agreed with the Commission and Department of Finance and reversed, finding that the districts were not “legally compelled” to comply with the regulations. Though the regulations targeted core functions of the districts, they were not necessarily required to adopt the regulations. Further, the regulations gave the

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Chancellor of the California Community Colleges discretion on what remedial measures to impose on non-compliant districts, ranging from no action to reducing or withholding some or all of a district's funding. In light of this discretion, the districts were not legally obligated to follow the regulations. Rather, a district faced the *risk* of potentially severe financial consequences if it did not comply. The Court clarified that *inducing* compliance is not the same as *obligating* compliance. Because the Court of Appeal did not address whether there was "practical" compulsion, meaning the districts had no "true choice" but to comply, the Court remanded for the Court of Appeal to address whether the districts may be entitled to reimbursement under that theory.

Justice Liu concurred, agreeing that the Court of Appeal erred in its reasoning and conclusion, but positing that the Court lacked sufficient information to conclude there was no legal compulsion.

The full opinion is available [here](#).