1	IN THE SUPREME COURT OF THE UNITED STATES
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3	ZUNI PUBLIC SCHOOL DISTRICT :
4	NO. 89, ET AL., :
5	Petitioner :
6	v. : No. 05-1508
7	DEPARTMENT OF EDUCATION, ET AL., :
8	x
9	Washington, D.C.
LO	Wednesday, January 10, 2007
L1	
L2	The above-entitled matter came on for oral
L3	argument before the Supreme Court of the United States
L 4	at 10:05 a.m.
L5	APPEARANCES:
L 6	RONALD J. VAN AMBERG, ESQ., Santa Fe, N.M.; on behalf of
L7	Petitioner.
L8	SRI SRINIVASAN, ESQ., Assistant to the Solicitor
L 9	General, Department of Justice, Washington, D.C.; on
20	behalf of Federal Respondent.
21	LEIGH M. MANASEVIT, ESQ., Special Assistant Attorney
22	General, Washington, D.C.; on behalf of the State
23	Respondent.
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1	CONTENTS	
2	ORAL ARGUMENT OF	PAGE
3	RONALD J. VAN AMBERG, ESQ.	
4	On behalf of the Petitioners	3
5	ORAL ARGUMENT OF	
6	SRI SRINIVISAN, ESQ.	
7	On behalf of the Federal Respondent	23
8	ORAL ARGUMENT OF	
9	LEIGH M. MANASEVIT, ESQ.	
10	On behalf of the State Respondent	46
11	REBUTTAL ARGUMENT OF	
12	RONALD J. VAN AMBERG, ESQ.	
13	On behalf of the Petitioners	54
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

1	PROCEEDINGS
2	(10:05 a.m.)
3	CHIEF JUSTICE ROBERTS: We'll hear argument
4	first today in case 05-1508, Zuni Public School
5	District, et al. vs. Department of Education.
6	Mr. Van Amberg.
7	ORAL ARGUMENT OF RONALD J. VAN AMBERG
8	ON BEHALF OF THE PETITIONERS
9	MR. VAN AMBERG: Mr. Chief Justice and may
10	it please the Court:
11	In 1994, Congress enacted the equalization
12	formula under the Impact Aid Act. It did so clearly and
13	decisively, and described a methodology which was
14	unambiguous, was self contained, reflected a recognized
15	statistical standard, and assisted in actually
16	promulgating and the intent of the Impact Aid Act,
17	which is to benefit impacted local educational agencies
18	or school districts and not fund the general educational
19	program of the States.
20	In so doing, Congress removed from the
21	Secretary the previously delegated authority to
22	establish by regulation the equalization formula. The
23	Secretary in turn in 1996, in enacting his regulations
24	in response to the 1994 legislation, disavowed that he
25	was engaging in any rulemaking or in fact in any

- 1 interpretations of statutes. Instead, the Secretary
- 2 sought and announced that he was proceeding under an
- 3 exception to the public notice and comment laws,
- 4 5 U.S.C. 553(b), by stating that his regulations merely
- 5 reflected changes in legislation, refining regulatory
- 6 language.
- JUSTICE GINSBURG: Mr. Van Amberg, they were
- 8 essentially the same as the prior regulations, were they
- 9 not? And those regulations had gone through the notice
- 10 and comment process.
- 11 MR. VAN AMBERG: Yes. That is correct,
- 12 Justice Ginsburg -- Ginsburg. Those were essentially,
- 13 except for a few words here and there, those were the
- 14 same regulations. But they were in response to a
- 15 congressional directive back in 1974 that the Secretary
- 16 is to create the equalization formula. In 1994,
- 17 Congress came in with legislation and established that
- 18 formula.
- 19 JUSTICE GINSBURG: I thought that the
- 20 formula was proposed to Congress by the Department of
- 21 Education, which is not something that Congress did in
- 22 other words, to stop the Secretary from whatever he was
- 23 doing. But it was indeed -- wasn't it the Secretary's
- 24 own language that Congress enacted?
- 25 MR. VAN AMBERG: The contention is made that

- 1 this 545-page omnibus education bill --
- JUSTICE GINSBURG: Well, just as to that,
- 3 the provision that we're talking about, do you say, you
- 4 say it wasn't drafted by the Department of Education?
- 5 MR. VAN AMBERG: I don't think we know
- 6 exactly who it was drafted by. I think there is --
- 7 there is some references in the Congressional --
- 8 Congressional Record that this is an administration
- 9 bill. But I would, I would like to respond, Justice
- 10 Ginsburg, based on the assumption that this was the
- 11 Secretary's bill.
- 12 Under the statutory formula, the language is
- 13 clear that what is disregarded in -- in ranking LEAs and
- 14 eliminating percentiles of LEAs is those LEAs which fall
- 15 above the 95th percentile --
- 16 JUSTICE SCALIA: Before you get into the
- 17 substance let's -- let's finish with this, this problem,
- 18 whether it was indeed the other Secretary's own bill.
- 19 Was the Secretary who proposed the -- the '94
- 20 legislation, the same Secretary who had promulgated the
- 21 prior regulations?
- MR. VAN AMBERG: No. This --
- JUSTICE SCALIA: The prior regulations were
- 24 promulgated when?
- 25 MR. VAN AMBERG: The former regulations were

- 1 promulgated in 1976.
- JUSTICE SCALIA: My goodness, that's a long
- 3 time before.
- 4 MR. VAN AMBERG: That's a long time.
- 5 JUSTICE SCALIA: With a different Secretary
- 6 now.
- 7 MR. VAN AMBERG: And a different agency.
- 8 There wasn't even --
- 9 JUSTICE SCALIA: So there's no reason to
- 10 believe that the same Secretary -- that the Secretary
- 11 continued to have the same view of what was proper, is
- 12 there?
- MR. VAN AMBERG: We view that it did not
- 14 and, and also, Justice Scalia and Justice Ginsburg, we
- 15 also view that if this was the chief educational officer
- 16 of the Federal Government, he was more than capable of
- developing a statute which reflected his methodology
- 18 of --
- 19 JUSTICE SCALIA: Indeed he could have copied
- 20 the regulations that were on the book and just put them
- 21 in the statute, couldn't he?
- MR. VAN AMBERG: Well, even in the same act,
- 23 Your Honor, under when they had the EFIG statute, there
- 24 Congress was able to reference the regulations of the
- 25 Secretary. They didn't do so when they were, when they

- 1 enacted the impact aid part of it. So --
- 2 JUSTICE GINSBURG: Well, as -- as far as the
- 3 difference in time, it was the Secretary's decision, the
- 4 later Secretary's decision to retain, as you
- 5 acknowledged, the, almost the identical regulation. You
- 6 said it didn't go through notice and comment the second
- 7 time, but the text was basically the same in '76 and in
- 8 --
- 9 MR. VAN AMBERG: He didn't -- if I could,
- 10 Your Honor, he did not retain the second regulation.
- 11 This was supposed to be a new regulation which was
- 12 promulgated by the Secretary because the Impact Aid Act
- 13 had been repealed --
- JUSTICE GINSBURG: Yes --
- 15 MR. VAN AMBERG: -- and re-enacted.
- 16 JUSTICE GINSBURG: -- and I appreciate that.
- 17 But the text of it, what the regulation said was not
- 18 significantly different from what the earlier regulation
- 19 said.
- 20 MR. VAN AMBERG: No. But it --
- 21 JUSTICE SCALIA: Was this the same
- 22 Secretary, by the way, as the Secretary who issued the
- 23 new regulation, the same Secretary that was in office
- 24 when the new legislation had been proposed?
- MR. VAN AMBERG: The new legislation was

- 1 '94. Secretary enacted it in '96. I think it probably
- 2 was. I -- I -- it was the same administration.
- 3 JUSTICE SCALIA: Why, why would the
- 4 Secretary, if indeed it was his bill, why would he
- 5 deprive himself of the power to decide what the formula
- 6 should be? Which is the power he had before. I mean,
- 7 one must think that there must have been some pressures
- 8 from elsewhere when the Secretary goes in and says take
- 9 some power away from me, please.
- 10 MR. VAN AMBERG: Well, that, and I would
- 11 agree, Justice Scalia, that that is not a, a usual event
- 12 where an administration intentionally disgorges from
- 13 itself its own authority. And, and I would also point
- 14 out the fact that again, there is a dramatic difference
- 15 between what, what the statute proposed and, and the
- 16 methodology described in the regulation. And what's,
- 17 what's very significant is if you go back to 1976 when
- 18 the original regulation was promulgated, there was a
- 19 debate that went on in the public notice and comment
- 20 portion of these proceedings where they discussed
- 21 whether you eliminate percentile of LEAs directly or
- 22 whether you add this extra step of eliminating
- 23 percentage, percentages of pupils and then eliminating
- 24 LEAs as these pupils are eliminated.
- I mean, it's a totally different process,

- 1 totally different philosophy behind them and as we can
- 2 see in this particular case, in New Mexico and in
- 3 Alaska, totally different results.
- JUSTICE ALITO: Well, Mr. Van Amberg, is the
- 5 statutory language really as unambiguous as you suggest?
- 6 It says above the 95th percentile or below the 5th
- 7 percentile, but it doesn't say above the 95th percentile
- 8 of local education agencies or below the 5th percentile
- 9 of local education agencies, does it?
- 10 MR. VAN AMBERG: Well, Justice Alito, I, I
- 11 think what you, I think it is clear and unambiguous.
- 12 And the reason is that if you, in order to run a
- 13 percentile calculation you need units against which to
- 14 run that, and then you need these, an identified set of
- 15 variable standards such as they provided here, the
- 16 average per pupil expenditures of each set of these LEAs
- 17 or districts.
- 18 So you rank the, the LEAs. You've got the
- 19 variable values and then it, it's, the statute provides
- 20 that you find that you eliminate those LEAs which are
- 21 above the 95th percentile. And then if you go back to
- 22 what "such" means and referencing back to other portions
- of the statute, it's 95th percentile of the revenues and
- 24 expenditures of the LEAs in the State. It's a very
- 25 similar process for --

1 JUSTICE BREYER: Yes, but what do you 2 distribute? 3 MR. VAN AMBERG: Pardon? 4 JUSTICE BREYER: What do you distribute? I 5 mean, I agree you have a, some kind of, let's put 6 something on cards, so you have thousands of cards and 7 each one has a number on it. What are you distributing 8 -- the cards? Are you, are you -- what's distribute -a 5th percentile refers to some kind of distribution. 9 What's it a distribution of? 10 MR. VAN AMBERG: It's the distribution of 11 12 the percent of the, what is --13 JUSTICE BREYER: Is it a thing? 14 MR. VAN AMBERG: Like a thing. 15 JUSTICE BREYER: Like a -- like a set of 16 things that you're distributing, what are they? 17 MR. VAN AMBERG: The thing that you're 18 running the percentile against is the total number of, 19 of expenditures and revenues in the State. 20 JUSTICE BREYER: In other words, you take 21 all the -- there is a set of numbers, each number is a different number and the characteristic of each number 22 23 is there some school district that spends per, or takes 24 in per pupil, revenue equal to that number. So we write 25 each one on a card. Is that what we're, is that our

- 1 distribution? We have like, let's say we have a, a
- 2 thousand cards. Is that what it is?
- MR. VAN AMBERG: Well, you know, in New
- 4 Mexico's case you have --
- 5 JUSTICE BREYER: No. No. I'm not, I'm
- 6 saying what do you think it has to be? What do you
- 7 think it should be? What are, what is it we are
- 8 distributing? A simple question, I guess, for a
- 9 statistician. I unfortunately am not one and can't find
- 10 one, so I have no idea what this statute means.
- 11 (Laughter.)
- MR. VAN AMBERG: Well, the, the -- the value
- 13 against which --
- JUSTICE BREYER: Not a value. I want to
- 15 know what I'm distributing. And if you don't know I
- 16 would say that this is, I have never seen a case so much
- 17 better fitted for relying on the views of an agency.
- JUSTICE SCALIA: Counsel, I thought you said
- 19 that you did know what it was. I thought you simply
- 20 quoted the statute, the 5th percentile of such
- 21 expenditures or revenues in the State. That's what's
- 22 being distributed.
- MR. VAN AMBERG: Yes, but --
- JUSTICE BREYER: I'm sorry, I don't know how
- 25 --

1 JUSTICE SCALIA: Such revenues or 2 expenditures in the State consist of, the word "such" 3 obviously refers you back to some prior reference to 4 revenues in the State, and that prior reference in 5 subsection A is a reference to district by district, not pupil by pupil. 6 7 MR. VAN AMBERG: That, that's correct. 8 JUSTICE BREYER: So, so in other words we are distributing those cards, it's a set of numbers? If 9 10 you're certain, isn't it fair to say that this statute 11 is not clear as to what it is you're distributing? MR. VAN AMBERG: Well, I'm sorry, Justice --12 13 I'm -- Breyer; I'm having a little trouble understanding 14 JUSTICE BREYER: Well, I -- I thought not. 15 16 Is there a --17 MR. VAN AMBERG: -- the question. 18 CHIEF JUSTICE ROBERTS: You're not certain 19 about the hypothetical but you're certain about the 20 statute, aren't you? 21 MR. VAN AMBERG: I'm certain about the 22 statute. You're provided the variable values that are 23 attributed to each of the LEAs; you rank them; and you 24 provide a percentile. It's a methodology which was

described in 1976. It's a methodology employed every

25

- 1 day in ranking students and schools.
- 2 JUSTICE BREYER: Yeah -- that -- right. But
- 3 I unfortunately don't know enough about this subject, so
- 4 I thought, not being an expert on it, that when you
- 5 referred to a percentile, you have some group of things,
- 6 a set of things that's being distributed in a certain
- 7 order and there is a top of that and a bottom of that.
- 8 MR. VAN AMBERG: Correct.
- 9 JUSTICE BREYER: And if that's what
- 10 percentile refers to, I just want to know what those
- 11 things are that are being distributed. And and that's
- 12 where I find the ambiguity. And if there is an
- 13 ambiguity, I guess we are going to take the view of the
- 14 agency at least as I understand it. So -- so that's why
- 15 I asked the question.
- 16 MR. VAN AMBERG: All right. And, and I
- 17 think I understand the question now, Justice Breyer.
- 18 Thank you.
- 19 The units that are ranked or distributed are
- 20 the LEAs or the school districts. And they are ranked
- 21 in order of their per pupil expenditures and revenues.
- 22 Those are the units and the component parts of this
- 23 calculation that are provided for us by Congress.
- JUSTICE BREYER: And does the statute say
- 25 you have to do it that way? It has to be the group

- 1 that's distributed?
- 2 MR. VAN AMBERG: It's my understanding under
- 3 -- under Brown and Williamson is if Congress speaks to
- 4 an issue, Congress is to be obeyed.
- 5 JUSTICE BREYER: Clearly.
- 6 MR. VAN AMBERG: There is nothing mysterious
- 7 about this type of a methodology. And this is the one
- 8 that Congress chose.
- JUSTICE BREYER: No, you could do it that
- 10 way and the reason the Government, I think, says that
- 11 you shouldn't do it that way is that it would produce an
- 12 absurd result.
- MR. VAN AMBERG: All right.
- 14 JUSTICE BREYER: That the object of the
- 15 statute is to catch the outliers. And if you, for
- 16 example, had one giant school district like New York
- 17 City which was at the top of the list and another giant
- 18 school district that was at the bottom of the list you
- 19 would cut those two out, and you might have cut out half
- 20 the pupils in the whole State, and those wouldn't be
- 21 outliers would they? I mean, that's the problem.
- MR. VAN AMBERG: And you have a similar
- 23 infirmity associated with the other methodology. That
- 24 is, if you have a number of LEAs which are small in
- 25 numbers, as in New Mexico, particularly if you had a

- 1 number of small LEAs at the bottom, which is I think a
- 2 huge problem policy wise, you were to cut them out and
- 3 let them to float off in their poverty. I think, I can
- 4 understand where there is --
- 5 CHIEF JUSTICE ROBERTS: Doesn't, doesn't
- 6 subsection b(ii) address outliers? I was surprised
- 7 there wasn't more discussion of that in the briefing and
- 8 maybe it's, it's because of some reason I'm unaware of.
- 9 That says that the Secretary in making this
- 10 determination can take into account particular types of
- 11 LEAs where there is extra, additional costs. I would
- 12 have thought for example if you had a very small LEA
- 13 with only 20 students and the cost is particularly high
- 14 because you don't have economies of scale, that you
- 15 haven't -- that would, could be knocked out for that
- 16 reason. Is that not how that works?
- MR. VAN AMBERG: Yes. And this is the, the
- 18 whole problem, that we can argue philosophically how
- 19 whether Congress's methodology or the Secretary's
- 20 methodology is better, but the backdrop of this is that
- 21 the, the statute and also the regulation allows for
- 22 school, for the States to back out all these
- 23 disequalizing expenditures so that you, you make an
- 24 adjustment to more or less end up with a baseline per
- 25 pupil expenditure. And there is really no reason after

- 1 you do that for having a wide disparity, even between
- 2 the top and the bottom LEA.
- 3 The Secretary's formula, and I don't think
- 4 we should be arguing whose formula is better, because if
- 5 they are different, Congress wins, but nevertheless, the
- 6 Secretary's formula, it eliminates 26 percent of the
- 7 school districts. And under New Mexico, if you, if you
- 8 look at the top and the bottom school district even
- 9 after the eliminating of these funding differentials,
- 10 you've got a 244 percent disparity.
- 11 JUSTICE BREYER: It, it eliminates 26 school
- 12 districts but those 26 school districts account for 5
- 13 percent or 10 percent of the pupils. And I guess what
- 14 we are interested in here is not school districts; they
- 15 are not a thing -- they are a thing of a kind, but we
- 16 are interested in students, real people who get money.
- 17 And so that it, that it -- it eliminates 26 percent of
- 18 the school districts would see, to be a good thing, not
- 19 a bad thing, because what we are really interested in
- 20 are the pupils and it keeps in 90 percent of the pupils.
- 21 MR. VAN AMBERG: And Justice Breyer, I think
- 22 Congress and in its methodology has disagreed with that
- 23 view, because it does not rely strictly upon pupils, and
- 24 pupils are not necessarily the driving force in how we
- 25 work this formula.

Τ	JUSTICE SCALIA: I thought the problem was
2	disparity in school districts. Since much of the
3	funding for education is local funding, in some places
4	there are very rich school districts and very, very
5	poor, poor school districts. And I thought that the
6	purpose of this was to make sure that there is not an
7	enormous disparity, not pupil to pupil but district to
8	district. It makes perfect sense, it seems to me.
9	MR. VAN AMBERG: And that is correct.
10	Because these districts particularly in New Mexico serve
11	a unique purpose. New Mexico has pockets of, of urban
12	and populations, and then they have got small
13	traditional villages; they have got farming communities;
14	they have got Indian lands; they have got military
15	bases. And a school district whether it educates 100
16	children or 1,000 children or 5,000 children has a
17	special value in the State and in our educational
18	process. And simply because a child in New Mexico
19	attends the school district that does not have
20	particularly many students in it doesn't mean that he
21	has to suffer a poorer education than his brethren and
22	brothers and sisters in the metropolitan area.
23	JUSTICE GINSBURG: Mr. Van Amberg, if there
24	is any ambiguity in the statute, one relevant
25	consideration might be how would this work across

- 1 States, and I think it's true, is it not, that your
- 2 reading would lead to wildly different, wildly different
- 3 results from State to State depending on whether they
- 4 have large districts or small districts at the top and
- 5 the bottom, whereas the other way, counting pupils
- 6 rather than school districts regardless of size, you
- 7 would get uniformity going from State to State.
- 8 MR. VAN AMBERG: Justice Ginsburg, the
- 9 Secretary recognized in 1976 that both methodologies
- 10 have their problems, depending on how your districts,
- 11 the number of districts that you have in a State, their
- 12 relative populations, how they line up. And --
- 13 JUSTICE STEVENS: Am I correct in
- 14 understanding that at the end of the line here, if you
- 15 win the Federal money will go to your two districts,
- 16 whereas if the other side wins the Federal money will go
- 17 to the State? Is that what the bottom line is?
- 18 MR. VAN AMBERG: That's the bottom line.
- 19 JUSTICE STEVENS: Yes.
- 20 MR. VAN AMBERG: And I would point out,
- 21 Justice Stevens, that Congress has made it clear that
- 22 the impact aid is supposed to go to the impacted
- 23 districts. It is not supposed to fund the general
- 24 educational program of a State. The money that the
- 25 State, that the State of New Mexico seeks to retain is

- 1 under a limited exception that has been created and it
- 2 is, it is not that we are trying to take the State's
- 3 money as the bottom line. It is that the State has
- 4 taken the impact aid dollars and doesn't have an
- 5 equalized system. New Mexico could equalize if it wants
- 6 to. It established its equalization formula.
- 7 JUSTICE STEVENS: Let me ask another general
- 8 question. If it were true, and I don't think it is in
- 9 this case, that the biggest district was the one that
- 10 got the most per pupil money -- the two biggest
- 11 districts that were at the opposite ends of the
- 12 spectrum, they would all be taken out, wouldn't they,
- 13 under your view?
- MR. VAN AMBERG: Well, it actually
- 15 depends -- you get into statistical approaches, but if,
- 16 let's say, there were less than 20 districts, you just
- 17 had let's say 18 districts or 19 districts, then if you
- 18 do the percentile against, if you work the percentile in
- 19 that particular setting, nobody gets eliminated.
- JUSTICE KENNEDY: But you have the same
- 21 problem if it's students, I take it? You'd have the
- 22 same statistical question whether you, you use districts
- or students?
- MR. VAN AMBERG: Correct, because you would
- 25 run -- because if you had districts, big districts at

- 1 both ends, you run your 5 percent on both ends with the
- 2 students, you end up not eliminating anybody.
- JUSTICE BREYER: That's all right. I
- 4 wouldn't think that was a problem. But what about
- 5 Justice Stevens' question. There are 20 districts in
- 6 our State -- it's exaggerated, let me exaggerate it --
- 7 and the rich district has 20, has a quarter of the
- 8 students, and the poor district has another quarter. So
- 9 our outliers in that situation which we're eliminating
- 10 from our calculation are the rich district and the poor
- 11 district. One's at the top, one's at the bottom. And
- 12 now we're left with 18 districts to figure out whether
- 13 they're equalized. But those 18 districts account for
- 14 less than half or about half of all the students.
- 15 That's the problem. It seems that isn't very
- 16 representative and we're trying to get
- 17 representativeness.
- 18 MR. VAN AMBERG: Well, Justice Breyer, I, I
- 19 would respectfully like to go back, not to what we are
- 20 trying to accomplish through judicial decision, but what
- 21 Congress accomplished through its decision.
- 22 JUSTICE BREYER: I understand that. If the
- 23 language doesn't permit it you can't do it, they can't,
- 24 and you win. But if the language does permit it, the
- 25 reason -- you have to stretch the language, I suspect,

- 1 in my view to get to the Government's result. It might
- 2 just barely permit it. But one of the things on their
- 3 side is that if we take your view it produces an absurd
- 4 result, because of what Justice Ginsburg said, because
- 5 there is such variation in the number of pupils among
- 6 school districts in different states.
- 7 MR. VAN AMBERG: Right. If I could address
- 8 that, Your Honor. The only argument I see the State has
- 9 is the argument about absurdity. This debate that we're
- 10 having now is the debate that took place in 1976 in
- 11 front of the Secretary. He recognized that there were
- 12 two methodologies that he was considering. He
- 13 recognized that they both had their problems. But in
- 14 1994, Congress had before it at least or had available
- 15 to it information as to the, whether, what, how this
- 16 particular formula would work. There were only three
- 17 and perhaps -- three States, Kansas, Alaska, New Mexico,
- 18 and perhaps Arizona -- that had -- that were trying to
- 19 take advantage of the, of this narrow exception. So
- 20 they knew the configuration and the composition of these
- 21 school districts.
- 22 And so they could look if they wanted to --
- 23 and there's no legislative history to this, but they
- 24 could have looked if they had wanted to, to exactly what
- 25 the practical effect would be of these two formulas.

- 1 And the practical effect is that in New Mexico the
- 2 formula which the Respondents contend is absurd reduced
- 3 only 11 percent of the LEAs. And with the backdrop that
- 4 this, that these LEAs should have been more or less
- 5 equalized anyhow because of removing the disparate
- 6 funding, that's, that's much more reasonable and
- 7 certainly doesn't reflect an absurdity, and when you
- 8 compare that to the Secretary's approach which
- 9 eliminates 26 percent and cuts loose 23 school districts
- 10 out of 89 from any consideration and you end up with
- 11 kind of a core block in their 14 or 15 percent
- 12 disparity, I think there may be those who could argue
- 13 forcefully that that's an absurdity.
- JUSTICE KENNEDY: I see your white light is
- 15 on. I don't want to take -- would the other States make
- 16 that same answer that you just made?
- MR. VAN AMBERG: Kansas equalizes under any
- 18 formula, as New Mexico did, could do. Alaska, you
- 19 eliminate 22 percent in order for them to just kind of
- 20 squeak by. If they applied Congress's formula they
- 21 would just equalize. This is an option I contend that's
- 22 available to every State that wants to take advantage.
- 23 If you give them a 25 percent disparity allowance, you
- 24 allow them to back out disequalizing expenditures.
- 25 There's really no explanation that's been offered why

- 1 there's any disequalization at all.
- With that, if there is any time -- unless
- 3 there are any further questions.
- 4 CHIEF JUSTICE ROBERTS: Thank you, counsel.
- 5 Mr. Srinivasan.
- 6 ORAL ARGUMENT OF SRI SRINIVASAN, ESQ.
- 7 ON BEHALF OF THE FEDERAL RESPONDENT
- 8 MR. SRINIVASAN: Thank you, Mr. Chief
- 9 Justice, and may it please the Court:
- 10 JUSTICE SCALIA: Mr. Srinivasan, you don't
- 11 want us to stretch the language, do you?
- MR. SRINIVASAN: Well, I don't think you
- 13 need to stretch the language, Justice Scalia.
- JUSTICE SCALIA: And you wouldn't urge us to
- 15 do either, would you?
- MR. SRINIVASAN: Well, it depends on what
- 17 you mean by stretch.
- 18 (Laughter.)
- 19 MR. SRINIVASAN: The question, the question
- 20 before the Court is whether the Secretary's formula is
- 21 unambiguously foreclosed by the statutory test, not
- 22 whether it's the better reading, but whether it's
- 23 unambiguously foreclosed. And we happen to think it's
- 24 the better reading, but we certainly think it's not
- 25 unambiguously foreclosed. And maybe the clearest

- 1 indication that Congress did not unambiguously foreclose
- 2 the Secretary's methodology --
- 3 CHIEF JUSTICE ROBERTS: What's the case that
- 4 says "unambiguously foreclosed"?
- 5 MR. SRINIVASAN: Well, Brand X says that,
- 6 but it's a characterization of the step one inquiry
- 7 under Chevron. And we can use "foreclosed" if you like,
- 8 Your Honor.
- 9 But the clearest indication that the statute
- 10 does not foreclose the Secretary's methodology is a
- 11 provision that I think hasn't been addressed thus far in
- 12 the argument and that's that in the very same act in
- 13 Congress in which Congress enacted Section 7709, the
- 14 provision at issue here, Congress also explicitly
- 15 endorsed and incorporated the Secretary's --
- 16 CHIEF JUSTICE ROBERTS: You begin with an
- 17 argument that directly cuts against your position. They
- 18 knew how to do it under the -- I assume you're referring
- 19 to the education finance and incentive grant program?
- MR. SRINIVASAN: I am.
- 21 CHIEF JUSTICE ROBERTS: Well, they did it
- 22 there, they didn't do it here. To me that suggests the
- 23 opposite of the inference you're trying to draw.
- 24 MR. SRINIVASAN: I don't think so, Mr. Chief
- 25 Justice, with respect. There are two education finance

- 1 incentive grant program, or EFIG, provisions that we
- 2 identified in the briefs and one of them I would
- 3 acknowledge is susceptible to that line of argument,
- 4 although I don't think it's persuasive. But it's the
- 5 other one that I'm focusing on, and what the other one
- does is to explicitly incorporate the Secretary's
- 7 regulations and so what Congress said in 1994 is that
- 8 for purposes --
- 9 CHIEF JUSTICE ROBERTS: Which they did not
- 10 say in this act.
- 11 MR. SRINIVASAN: They didn't, but I think it
- would be very odd to attribute to Congress the intention
- on one hand to say, we like your regulation, so much so
- 14 that we want to use it and we want you to continue to
- 15 use it for purposes of the EFIG program --
- JUSTICE SCALIA: Different purposes.
- MR. SRINIVASAN: They're not --
- 18 JUSTICE SCALIA: They're for different
- 19 purposes.
- MR. SRINIVASAN: They're not different
- 21 purposes at all, Justice Scalia, with respect. They're
- 22 the exact same purpose. In both programs what Congress
- 23 wanted to do was to get an assessment of the extent to
- 24 which education expenditures were equalized in a State
- among school districts. They're the very same purpose.

- 1 CHIEF JUSTICE ROBERTS: But for different
- 2 purposes. In the one case, in this act we're worried
- 3 about an extensive Federal presence that has an effect
- 4 on the tax base available for schools and under the EFIG
- 5 program it's an entirely different question of
- 6 equalization.
- 7 MR. SRINIVASAN: Well, at that level of
- 8 generality you might be right, but with respect to the
- 9 purpose of the equalization provisions of both of those
- 10 acts the purpose is exactly the same. In impact aid,
- 11 just like in EFIG, the question is to what extent has
- 12 the State equalized expenditures across school
- 13 districts. It's the very same question.
- 14 CHIEF JUSTICE ROBERTS: Well, maybe let me
- 15 ask it directly. If they could so easily just say we
- incorporate the Secretary's regulation in EFIG, why
- 17 didn't they do it here?
- MR. SRINIVASAN: Well, because --
- 19 CHIEF JUSTICE ROBERTS: They instead went to
- 20 the trouble of mimicking part of the regulation, but not
- 21 mimicking the appendix, which is where your calculation
- 22 methodology is.
- MR. SRINIVASAN: Well, they didn't mimic it.
- 24 They incorporated it. And so far as the argument is
- 25 that they incorporated just the regulation qua

- 1 regulation and not the appendix to the regulation, I
- 2 don't think that that argument can be squared with the
- 3 statutory text or the regulatory text.
- 4 CHIEF JUSTICE ROBERTS: Can I ask, is there
- 5 a difference legally between a regulation and an
- 6 appendix to the regulation?
- 7 MR. SRINIVASAN: I don't think so, at least
- 8 not in the circumstance of this case, where the
- 9 regulation by its own terms incorporates the appendix.
- 10 And so when Congress incorporated the regulation it
- 11 necessarily incorporated the appendix.
- 12 CHIEF JUSTICE ROBERTS: But you say
- 13 "incorporated," though. What it did was it took the
- 14 language and it did not take --
- MR. SRINIVASAN: No.
- 16 CHIEF JUSTICE ROBERTS: No?
- 17 MR. SRINIVASAN: No, I don't think so, Your
- 18 Honor. The text of the statute in 1994 is set forth at
- 19 the top of page 30 of the Government's brief, and I'm
- 20 quoting from the second line of page 30 and what
- 21 Congress said in the EFIG statute in 1994, again in the
- 22 very same act that enacted this language --
- 23 CHIEF JUSTICE ROBERTS: In the EFIG statute?
- 24 MR. SRINIVASAN: In the EFIG statute.
- 25 CHIEF JUSTICE ROBERTS: But in this statute

- 1 the regulation says look to the, look at the appendix.
- 2 Congress as I understood when it enacted our statute, it
- 3 took language from the regulation; it didn't take the
- 4 part that said look to the appendix.
- 5 MR. SRINIVASAN: Well, it didn't take the
- 6 part that said look to the appendix because I don't know
- 7 that that would have been a sensible thing to do when
- 8 you're enacting a statute. But the point I'm trying to
- 9 make is that when Congress in the EFIG statute
- 10 incorporated the regulation it specifically referred to
- 11 the regulation that the Secretary had in place at that
- 12 time.
- 13 CHIEF JUSTICE ROBERTS: And it didn't do
- 14 that here?
- 15 MR. SRINIVASAN: It didn't do that here, but
- 16 it didn't have to. It makes sense --
- 17 JUSTICE SCALIA: I still think it cuts
- 18 against you rather than for you, the fact that they
- 19 could have done the same thing here and we wouldn't have
- 20 this case.
- 21 MR. SRINIVASAN: Well, let me just make one
- 22 more point on this, Your Honor, and then I'll move to
- 23 the text of Section 7709, because I do think that this
- 24 point has a great deal of force. The reason that
- 25 Congress would have incorporated the regulation

- 1 specifically in EFIG but not in impact aid is because
- 2 we're dealing with an impact aid regulation. So the
- 3 Secretary ordinarily wouldn't have thought that he
- 4 should apply the impact aid regulation for purposes of
- 5 EFIG unless Congress told him to do that and that's what
- 6 Congress did. But with respect to impact aid, there's
- 7 no reason to incorporate the regulation. The regulation
- 8 already existed, and the question is did Congress in
- 9 this act foreclose the Secretary from continuing to
- 10 apply that longstanding regulatory methodology. And I
- 11 would suggest that if Congress really wanted to --
- 12 JUSTICE SCALIA: Mr. Srinivasan, if we could
- 13 come to the, to the text that you're talking about.
- 14 MR. SRINIVASAN: Sure.
- 15 JUSTICE SCALIA: What I don't understand
- 16 about the Government's position is why you use this,
- this per pupil theory for purposes of (B)i), but don't
- 18 use it for purposes of (A). You, you don't -- in the
- 19 major computation portions, namely for purposes of
- 20 paragraph 1, a program of State aid equalizes
- 21 expenditures among local expenditures, if in the second
- 22 fiscal year is made the amount of per pupil expenditures
- 23 made by or per pupil revenue available to, you do it
- 24 agency by agency, don't you? You DON'T apply this, you
- 25 know, it depends on how many pupils in each agency. Why

- 1 don't you do for both?
- 2 MR. SRINIVASAN: Well, if you look at 2(a),
- 3 Your Honor what that says is that the disparity, the
- 4 disparity standard at its broadest level deals with
- 5 whether the per-pupil revenues for the highest ranked
- 6 local educational agency exceeds the per pupil revenues
- 7 for the lowest one by 25 percent.
- 8 JUSTICE SCALIA: Right.
- 9 MR. SRINIVASAN: It would make no difference
- 10 if you take into account pupils for that part of the
- 11 analysis, and here's the reason why. When you take into
- 12 account pupils with respect to a local educational
- 13 agency and you weight the local, the figure by the
- 14 number of pupils served by the local educational agency,
- 15 the per pupil figure that you're going to attach to each
- 16 of those individual pupils is the same. It's the same
- 17 per pupil figure for each one. It's just that you
- 18 multiply it by the number of pupils.
- 19 So for purposes of this part of the statute,
- 20 where you're comparing the highest to the lowest,
- 21 whether you took into account the number of pupils or
- 22 not you'd still be dealing with the same two figures.
- 23 You'd be dealing with a figure that applies to the
- 24 highest ranked local educational agency and you'd be
- 25 dealing with a figure that applies to the lowest ranked

- 1 local educational agency.
- JUSTICE SCALIA: You're saying it comes to
- 3 the same, but the fact remains you don't use that
- 4 methodology in A, because you don't think the language
- 5 requires that methodology. And it is the same language
- 6 in B.
- 7 MR. SRINIVASAN: No, there would be -- I
- 8 don't know that we use one or the other. It's just that
- 9 there would be absolutely no purpose served by using
- 10 pupils with respect to --
- 11 JUSTICE SCALIA: Well, the purpose would be
- 12 to follow the language of the statute, and if you think
- 13 that the language in B requires this kind of an approach
- 14 you should take the same approach in A, especially if it
- 15 makes no difference.
- MR. SRINIVASAN: Well, no; especially
- 17 because it makes no difference, because with respect to
- 18 the B part of it, the 95th and 5th percentile
- 19 exclusions, it makes all the difference in the world
- 20 whether you take into account --
- 21 CHIEF JUSTICE ROBERTS: I have a conceptual
- 22 difficulty, and it may be my limitations with the way
- 23 you do it. You take students and you assign a per-pupil
- 24 number to each individual student.
- MR. SRINIVASAN: Effectively.

1 CHIEF JUSTICE ROBERTS: But I would have 2 thought the per-pupil concept only makes sense if you're dealing with LEAs. They have a per-pupil number because 3 4 they've got a bunch of pupils. You take individual 5 students, and you know for example in that school 6 district you don't spend the same amount of money on the 7 kindergartner that you spend on the eighth grader. And 8 yet, you give the kindergartner a per-pupil number and the eighth grader a per-pupil number that is the same. 9 10 It's an artificial association. It makes sense to speak 11 of per-pupil numbers when you're referring to the LEAs because they have so many pupils, they get so much 12 13 money, you can do the calculation. It doesn't make 14 sense to say, you know, John Smith the kindergartner has 15 a per-pupil expenditure of a thousand dollars. He may 16 have \$200 and the eighth grader 2,000, so why are you 17 creating this artificial association and then using, 18 using that methodology? 19 MR. SRINIVASAN: Well, it's an approximation 20 to be sure, and per-pupil revenues by definition deal 21 with approximations across the swath of students that are covered by local educational agencies. 22 23 CHIEF JUSTICE ROBERTS: And it's only -- the 24 reason is to rank them if you have an entity that has a swath of students, the district, that's the way it 25

- 1 should be ranked. When you're ranking it by pupils,
- 2 maybe if you ranked them by pupils and you have the
- 3 actual numbers of course, which nobody does, your
- 4 methodology would make sense.
- 5 MR. SRINIVASAN: Well, I think what we're
- 6 really doing, Your Honor, is weighting each figure by
- 7 the amount of pupils in the school district, and the
- 8 reason we're doing that is to get a more accurate
- 9 picture of the extent to which any one school district's
- 10 per-pupil revenue figure contributes to the overall
- 11 revenue pictures in the State. And if I could use one
- 12 example which I think might help to crystallize why it's
- 13 necessary to do this sort of weighting and why education
- 14 finance practitioners routinely prescribe that you have
- 15 to do this sort of weighting in order to avoid distorted
- 16 results, if you consider the example of a State that has
- 17 two school districts, and I'll use real examples from
- 18 New Mexico. One would be the district that has the
- 19 highest per-pupil revenues in the state, the Mosquero
- 20 district, in which there's 57 pupils. And the other
- 21 would be the Albuquerque school district, the largest
- 22 school district in the State, which serves 84,000
- 23 pupils.
- Now the per-pupil revenues for Albuquerque
- are roughly \$3,000 and the per-pupil revenues for

- 1 Mosquero, the smaller school district, are roughly
- 2 \$7,000. And if you imagine a State that consists of
- 3 just those two districts, and you ask the question to
- 4 pair with the statutory language, what is the 50th
- 5 percentile, and I'll use 50th just for ease of analysis,
- 6 what is the 50th percentile of such per-pupil revenues
- 7 in the State? One answer would be that you take the
- 8 number for Mosquero, the 7,000 and you take the number
- 9 for Albuquerque, the 3,000, you split the difference and
- 10 you say the 50th percentile of per-pupil revenues in the
- 11 State is \$5,000. But I think that would present a very
- 12 misleading picture of what's actually going on in the
- 13 State.
- 14 CHIEF JUSTICE ROBERTS: No --
- MR. SRINIVASAN: Because --
- 16 CHIEF JUSTICE ROBERTS: Well, because it's
- 17 an absurd hypothetical. What is the --
- 18 MR. SRINIVASAN: I don't -- I -- it is not
- 19 --
- 20 CHIEF JUSTICE ROBERTS: What is the
- 21 smallest number of districts, what is the smallest
- 22 number of school districts in a State?
- MR. SRINIVASAN: One.
- 24 CHIEF JUSTICE ROBERTS: Which State has one
- 25 school district?

- 1 MR. SRINIVASAN: Hawaii. Hawaii has one
- 2 which is a special case but there are states that have a
- 3 relatively small number of school districts.
- 4 CHIEF JUSTICE ROBERTS: In the, in the
- 5 hypothetical you posed why couldn't the Secretary
- 6 address that disparity under (b) (ii)? In other words,
- 7 the school district which has only 57 students, it seems
- 8 to me could be taken out of the calculation under
- 9 (b)(ii), and then you would be dealing only with more
- 10 representative school districts, not the special case of
- 11 the particularly isolated school district or whatever.
- MR. SRINIVASAN: Two points on (b) (ii),
- 13 Mr. Chief Justice. The first is that by -- by the
- 14 statutory text, (b) (ii) is over and above what you do in
- 15 (b) (i,). The 95th and 5th percentiles exclusions. So
- 16 you first have to do that. But the more relevant
- 17 point --
- 18 CHIEF JUSTICE ROBERTS: Why do you have to
- 19 do that? Why do you have to do it first? It says you
- 20 can take into account this -- extent to which the
- 21 program reflects additional costs in particular
- 22 districts.
- MR. SRINIVASAN: No, my point is simply that
- 24 under (b) (i) the statute says the Secretary shall
- 25 disregard local education agencies that are above the

- 1 95th and below the 5th percentile. So I think the
- 2 Secretary has to do that. Now (b) (ii) in some sense
- 3 could be seen as an additional option for the Secretary
- 4 over and above the exclusion, but there is a more
- 5 fundamental point which is that with (b)(ii), it says
- 6 take into account the extent to which a program of State
- 7 aid reflects the additional costs.
- And so what that does is a piggyback on the
- 9 way that the State approaches the situation. So this,
- 10 as -- this provision as the Secretary understands it
- 11 allows it to give effect to a State that gives effect to
- 12 those sorts of considerations, but it's not an
- independent grant of authority for the Secretary himself
- 14 to take those considerations into account.
- 15 JUSTICE SOUTER: Mr. Srinivasan, you -- you
- 16 may have convinced me. I'll stipulate that you have
- 17 convinced me that the argument that you're arguing for
- 18 would probably be a better method, but you haven't
- 19 touched the text of (b)(2)(b)(i) yet, and that's where
- 20 some of us at least are, are having our -- our problems.
- 21 Do you agree that in the absence of the
- 22 other program, I forget the, the acronym for it -- that
- 23 you really would not have any argument that there is
- 24 ambiguity in the text here?
- 25 MR. SRINIVASAN: No. No. Absolutely not.

- 1 JUSTICE SOUTER: Then -- then would you 2 address the text? 3 MR. SRINIVASAN: Sure, I will. 4 It's at page 4a of the appendix of the 5 Government's brief, b -- (b)(i). And what the text says 6 is disregard local educational agencies with per-pupil 7 expenditures or revenues above the 59th percentile or below the 5th percentile of such expenditures or 8 revenues in the State. 9 10 JUSTICE SOUTER: Okay. 11 MR. SRINIVASAN: Now one point I make --12 JUSTICE SOUTER: So what is supposed to be 13 disregarded are educational agencies? 14 MR. SRINIVASAN: Yes. 15 JUSTICE SOUTER: Right. And the agencies 16 are identified how? How do we identify the agencies 17 that would be disregarded? 18 MR. SRINIVASAN: You identify the agencies 19 to be disregarded by first identifying the 59th and 5th 20 percentiles of per-pupil revenues in the State. And 21 then you disregard --22 JUSTICE SOUTER: And we identify their 23 per-pupil revenues, too, don't we? Agencies with

24

25

right?

per-pupil expenditures or revenues above or below,

- 1 MR. SRINIVASAN: Yes, but -- and -- but the
- 2 critical test is the 95th percentile and 5th percentile
- 3 of such expenditures or revenues in the State.
- 4 JUSTICE SOUTER: But that critical test is
- 5 being applied to an agency which is being identified by
- 6 reference to per-pupil expenditures or revenues,
- 7 correct?
- 8 MR. SRINIVASAN: It is. I mean there is no
- 9 doubt that the per-pupil revenues or expenditure figures
- 10 that lie on the spectrum are associated with the local
- 11 educational agencies. That's how --
- 12 JUSTICE SOUTER: Well, it's not merely that
- 13 they are associated with. The very definition, the very
- 14 identification of LEA here is exclusively in terms of
- 15 per-pupil expenditures or revenues. It's not merely in
- 16 association. It is a definition, isn't that so?
- 17 MR. SRINIVASAN: I don't think so. The --
- 18 JUSTICE SOUTER: Then, then what does the
- 19 phrase with per-pupil expenditures or revenues above 95
- 20 or below 5 mean?
- 21 MR. SRINIVASAN: Well, that's true that each
- 22 local education agency has a per-pupil expenditure or
- 23 revenue. But the critical part of the statute which has
- 59th percentile or 5th percentile of such expenditures
- 25 or revenues doesn't foreclose weighting. And I think

- 1 the point that Justice Alito made bears, which is --
- 2 JUSTICE SOUTER: Well, why doesn't it? It
- 3 seems to me that the only identification of an entity or
- 4 person, if you want, to be disregarded is the
- 5 identification of an LEA, and the LEA is described in
- 6 terms exclusively of its expenditures or revenues. So
- 7 why doesn't that foreclose your position?
- 8 MR. SRINIVASAN: Well, we -- two parts to
- 9 the answer, Justice Souter. First the Secretary's
- 10 formulation, no less than Petitioner's formulation, does
- 11 disregard local educational agencies with per-pupil
- 12 revenues above the 95th and 5th percentiles.
- JUSTICE SOUTER: Right. Obviously --
- MR. SRINIVASAN: Where we disagree is in
- 15 identifying the 95th exactly.
- 16 JUSTICE SOUTER: After identifying them in
- 17 terms of the expenditures or revenues. That's what
- 18 you're supposed to do.
- 19 MR. SRINIVASAN: Exactly. And I'd --
- 20 exactly. And I'd reiterate the point that Justice Alito
- 21 made earlier, which is that Congress could have
- 22 compelled the approach that Petitioners compelled --
- 23 contend, if it would have said --
- 24 JUSTICE SOUTER: There are lots of things
- 25 that Congress could have done differently from what it

- 1 did do, but it, that doesn't seem to me to inject an
- 2 ambiguity in the identification in, in this subsection
- 3 of the LEA that we are talking about. And it doesn't
- 4 create an ambiguity in, in the clear provision that what
- 5 is to be disregarded is an LEA as so defined.
- 6 MR. SRINIVASAN: Well, I think it does, Your
- 7 Honor, because there are two different ways of ranking
- 8 the LEAs. One is to take the per-pupil revenues
- 9 associated with each LEA and simply take that list into
- 10 account. Another is to take the same list but then
- 11 weight it by the number of pupils in each LEA.
- 12 JUSTICE SOUTER: Sure, that's another way to
- 13 --
- MR. SRINIVASAN: Nothing in the statute
- 15 forecloses that approach.
- JUSTICE SOUTER: -- do it, but tell me why
- 17 that is consistent with the text.
- 18 MR. SRINIVASAN: Because the text refers to
- 19 the 95th and 5th percentiles of such expenditures or
- 20 revenues in the State, and the list that includes the
- 21 weighting does represent a list of expenditures or
- 22 revenues in the State.
- JUSTICE SCALIA: Would such be -- of such
- 24 expenditures or revenues. That refers back to local
- 25 educational agencies with per-pupil expenditures or

- 1 revenues. It's referring you back not to the totality
- 2 of students but to, to agencies with per-pupil
- 3 expenditures or revenues.
- 4 MR. SRINIVASAN: Sure. And I don't, I don't
- 5 dispute that the per-pupil revenue figures belong to a
- 6 local educational agency. But again that doesn't mean
- 7 that you can't take into account the relative extent to
- 8 which a particular school district contributes to the
- 9 overall State picture, and the way you do that --
- 10 CHIEF JUSTICE ROBERTS: Wouldn't the statute
- 11 have told you, though, to, to disregard pupils according
- 12 to the ranking? It does tell you to disregard LEAs,
- 13 which suggests the ranking -- at least to me, that the
- 14 ranking ought to be of LEAs and not pupils.
- MR. SRINIVASAN: Well, it is, it is a
- 16 ranking of LEAs in the first instance and then it's,
- 17 each of those LEA figures is weighted by the number of
- 18 pupils the way we do it, and we do end up disregarding
- 19 LEAs. But as Justice Souter pointed out the first step
- 20 is identifying the 5th and 95th percentiles, and on that
- 21 step we take into account the number of pupils. It's
- 22 only at that step that we take into account the number
- 23 of pupils.
- 24 JUSTICE STEVENS: May I ask --
- MR. SRINIVASAN: And nothing in the statute

- 1 forecloses that. I'm sorry.
- 2 JUSTICE STEVENS: -- a rather basic
- 3 question? What if I'm convinced that your opponent's
- 4 reading is really only the fair reading of the statute,
- 5 but I'm also convinced by you that that's not what
- 6 Congress intended. What should I do?
- 7 (Laughter.)
- 8 MR. SRINIVASAN: Well, one way or another I
- 9 think your should rule in our favor.
- 10 (Laughter.)
- 11 JUSTICE STEVENS: Well no. Accept, accept
- 12 my premises. What do you think I should do?
- MR. SRINIVASAN: Well, I think in that
- 14 situation you sort of have the sliding scale that we
- 15 often confront with textual analysis. And if you really
- 16 think that Congress would have compelled an absurd
- 17 result, and I think it does verge on that, then you
- 18 would --
- JUSTICE STEVENS: I don't think it has to be
- 20 absurd, it's just, I would measure it by what Congress
- 21 actually intended. Assume there two permissible
- 22 readings, and two -- both of them make sense. And I'm
- 23 convinced, assume I'm convinced by you, that they really
- 24 intended to perpetuate the prior method of procedure.
- 25 May I take that, may I come to that result

- 1 even though I think the language really says exactly
- 2 what your opponent says it says?
- 3 MR. SRINIVASAN: Well, if the language
- 4 absolutely unambiguously compels that reading, then I
- 5 think it would be a difficult position. But I don't
- 6 think it goes, goes to that degree.
- 7 CHIEF JUSTICE ROBERTS: I would have thought
- 8 your office had answered that question in countless
- 9 briefs where it tells us to be guided by the language of
- 10 the statute and not some unexpressed intent.
- MR. SRINIVASAN: Well, that's why I said, if
- 12 you think that the statute unambiguously actually
- 13 compels that reading, then I don't know that we would
- 14 have a position.
- 15 JUSTICE SCALIA: Well, you still have a
- 16 Church of the Holy Trinity team over there somewhere,
- 17 don't you?
- 18 (Laughter.)
- 19 JUSTICE BREYER: Why doesn't it -- why
- 20 doesn't absolutely compel it? Where is the ambiguity,
- 21 you say?
- MR. SRINIVASAN: It says --
- JUSTICE BREYER: -- the 5th percentile of
- 24 such per-pupil expenditure. And that --
- MR. SRINIVASAN: That's right.

- 1 JUSTICE BREYER: Now how are you going to
- 2 get that so it doesn't just say just list cards with
- 3 per-pupil expenditure on it, different ones and take the
- 4 top five?
- 5 MR. SRINIVASAN: Well, well it's just the
- 6 number of cards, ultimately, under your hypothetical,
- 7 Justice Breyer.
- 8 JUSTICE BREYER: Do you have a lot of cards
- 9 that have the same cards that have the same number? You
- 10 have a lot --
- 11 MR. SRINIVASAN: They have the same cards,
- 12 we just have -- they have the numbers, exactly.
- JUSTICE BREYER: Yeah.
- MR. SRINIVASAN: It's the same cards with
- 15 the same numbers. We just add more cards in order to
- 16 reflect the extent to which each LEA contributes to the
- 17 overall picture.
- JUSTICE BREYER: And why, why don't you take
- 19 the top five where we have 10 percent of the students,
- 20 let's take the second five and they happens to have the
- 21 same number on the card as the first five, and why don't
- 22 they fall in the first 5 percent?
- MR. SRINIVASAN: I'm not sure I understand.
- JUSTICE BREYER: All right. Forget it.
- 25 (Laughter.)

1 MR. SRINIVASAN: Sorry. 2 JUSTICE GINSBURG: Can you enlighten us a 3 little bit about how this statute developed? 4 MR. SRINIVASAN: Sure. JUSTICE GINSBURG: As far as I know it was 5 6 the same Secretary of Education when the statute came on 7 the books and when the regulation was kind of readopted, I think it was --8 9 MR. SRINIVASAN: I think that's right, 10 Justice Ginsburg. JUSTICE GINSBURG: But there was a peculiar 11 proposal to drop, it was the Secretary's proposal to 12 13 drop the bottom five. So it was a different proposal, 14 and what was the reason for that? Why keep, keep the 15 95th percentile but not the 5th? MR. SRINIVASAN: Well, as we point out in a 16 17 footnote in our brief there was some education finance 18 experts that suggested there would be no reason to 19 retain the exclusion at the bottom of the range, and I 20 think that's because when you have low per-pupil 21 revenues there is a reason not to exclude those figures. 22 But the important point is the material 23 important part of the language, which is 95th percentile 24 of such expenditures or revenues in the State, is 25 exactly what the Secretary proposed and the Secretary of

- 1 course wouldn't have curtailed his own discretion to
- 2 continue the same methodology that he had long had in
- 3 place. Thank you.
- 4 CHIEF JUSTICE ROBERTS: Thank you, Counsel.
- 5 Mr. Manasevit.
- ORAL ARGUMENT OF LEIGH M. MANASEVIT,
- 7 ON BEHALF OF STATE RESPONDENT
- 8 MR. MANASEVIT: Mr. Chief Justice, may it
- 9 please the Court:
- 10 I'd like to begin with Justice Ginsburg's
- 11 question, because I think that that is very illuminating
- 12 to where we are today. This statute began against a
- 13 history, an 18-year history where the agency had been
- 14 delegated by Congress virtually carte blanche authority
- 15 to devise equalization tests. That was the earlier
- 16 statute. The agency had three tests at the time. One
- 17 was the 25 percent disparity test that we see today and
- 18 there were two other tests.
- In 1994, what happened was the Secretary
- 20 proposed to the Congress and the Congress following the
- 21 Secretary's lead eliminated the two other tests.
- 22 That's, that's what was happening. And Justice Scalia
- 23 asked well, why would the Secretary tie his hands? What
- 24 happened was the Secretary no longer was satisfied or
- 25 liked the other two tests and eliminated those and

- 1 proposed the test that he had been using for 18 years to
- 2 the Congress. Congress adopted that test and that's the
- 3 test that we have today, the 25 percent disparity test.
- 4 The difference is that whereas the Secretary
- 5 had the free rein to develop that disparity test,
- 6 however he wanted, previously, the Secretary -- the
- 7 Congress now told the Secretary in disparity, do the
- 8 following things. First of all 25 percent is the
- 9 maximum disparity that we are going to allow you, number
- 10 one. And number two, take out the outliers in a range
- 11 of 5 to --
- 12 CHIEF JUSTICE ROBERTS: Isn't it -- I'm
- 13 sorry. Go ahead.
- JUSTICE SCALIA: You know, I really don't
- 15 care what the Secretary thought he was doing. I mean,
- 16 it seems to me we have to ask the question, what would a
- 17 member of Congress who voted on this thing have thought
- 18 he was voting for, who had, you know, didn't have this
- 19 history you're giving us. And more importantly, what
- 20 would a citizen to whom this language is promulgated
- 21 think the language means? I don't care what the
- 22 Secretary had in the back of his mind. Why should that
- 23 make any difference to us?
- MR. MANASEVIT: Fair question, Justice
- 25 Scalia, and that brings us back to the language of the

- 1 statute, where of course we begin, and we have to look
- 2 precisely to the language of the statute. The language
- 3 of the statute, what Petitioners mistake is that the
- 4 language of the statute here has a two-part process. We
- 5 don't look at LEAs first. It doesn't say 5th percentile
- 6 of LEAs. We have to first rank expenditures or revenues
- 7 in the State. It's above 95th percentile or below 5th
- 8 percentile of the expenditures.
- 9 JUSTICE SCALIA: Of such expenditures or
- 10 revenues.
- MR. MANASEVIT: Of such.
- 12 JUSTICE SCALIA: So you've got to find out
- 13 what "such" refers to.
- MR. MANASEVIT: And "such" would refer just
- 15 to the previous usage of that precise term, which is
- 16 disregard local education agencies with per-pupil
- 17 expenditures or revenues. So it's that "with per-pupil
- 18 revenues" that the "such" would refer back to, the most
- 19 immediate prior reference, so we're still looking at
- 20 per-pupil revenues or expenditures in the State which we
- 21 have to rank first. We don't identify LEAs first. It
- 22 doesn't say 95th percentile of LEAs. It tells us rank
- 23 per-pupil revenue. The only difference --
- JUSTICE SOUTER: It says disregard LEAs; it
- 25 then identifies certain LEAs which are to be

- 1 disregarded. Nowhere does it say disregard pupils.
- 2 MR. MANASEVIT: No. It says -- it says --
- 3 we are disregarding the LEAs. That's the end of the
- 4 process. But we have to identify the range of value
- 5 that 5 percent and 95 percent applies to. The range --
- 6 the percentiles apply to a range of values. We have in
- 7 New Mexico, we have 89 amounts of per-pupil revenue per
- 8 district, we have 89 of those. But we also have 377,000
- 9 per-pupil revenues, because a per-pupil revenue repeats
- 10 for every time that there's a student, and --
- 11 CHIEF JUSTICE ROBERTS: No. No. See,
- 12 that's my conceptual difficulty. It is only per pupil
- 13 when you're dealing with an aggregation of the pupils.
- 14 If you're going to break it down pupil by pupil, which
- is what you do, you don't have a per-pupil number
- 16 associated with each pupil. You have a number. Nobody
- 17 knows what it is because nobody knows how much you spend
- 18 on each individual. We know how much you give to this
- 19 district, and therefore, the district has a per-pupil
- 20 number, and therefore, I would have thought a reference
- 21 to per-pupil numbers suggests you're grouping according
- 22 to district.
- MR. MANASEVIT: Mr. Chief Justice, we are
- 24 not saying that it can't. We're -- all we're saying is
- 25 that it equally carries both meanings. School finance

- 1 is an extraordinarily technical area, which is precisely
- 2 why Congress left this issue to the agency to work this
- 3 out. When Congress -- when Congress used the terms 5
- 4 percent and 10 percent, and again I'm not, I'm not
- 5 reading Congress's mind to say that when Congress used
- 6 those terms, those percentiles, Congress must have
- 7 intended some national uniformity. This is a national
- 8 program and Congress expects these programs to be
- 9 applied somewhat uniformly across -- across the country.
- 10 JUSTICE SCALIA: Let me --
- 11 CHIEF JUSTICE ROBERTS: Go ahead.
- 12 JUSTICE SCALIA: Let me ask you the same
- 13 question I asked -- I asked the Government. Why don't
- 14 you, if this is a natural reading, why don't you apply
- 15 it to, to 2.A? You don't even think of doing that in
- 16 2.A. In 2.A you just look at the individual agency, but
- 17 it's the same language in 2.A.
- 18 MR. SRINIVASAN: In 2.A, 2.A calls for a
- 19 different type of comparison. And I also note that in
- 20 2.A it refers to percent instead of percentile, which
- 21 refers to two numbers being compared. Percentile refers
- 22 to an entire ranking of value, so the processes are
- 23 somewhat different. Now we're not, I'm not contending
- 24 that this statute is absolutely clear and a model of
- 25 draftsmanship, but certainly the meaning of 95th

- 1 percentile or 5th percentile of such expenditures or
- 2 revenues is a broad enough term.
- 3 JUSTICE BREYER: To include the words
- 4 per-pupil revenue for each pupil, is that what you're
- 5 saying?
- 6 MR. MANASEVIT: Well, to --
- JUSTICE BREYER: How do you want to say it,
- 8 per-pupil revenue attached to each pupil?
- 9 MR. MANASEVIT: Well, I believe --
- 10 JUSTICE BREYER: Or how do you want to say
- 11 it then?
- 12 MR. MANASEVIT: I believe simply that the
- 13 word per-pupil revenue can mean the dollar amount per
- 14 each agency 89 times, or it can mean repeated each time
- 15 a student generates --
- 16 JUSTICE BREYER: What is attached to each
- 17 pupil? You say the word such is broad enough to include
- 18 per-pupil revenue as attached to each pupil?
- 19 MR. MANASEVIT: Yes. Correct. Remember --
- JUSTICE BREYER: And I don't know where to
- 21 look to discover if you're right or wrong.
- 22 MR. MANASEVIT: Well, bear in mind -- bear
- 23 in mind the nature of many education --
- JUSTICE BREYER: Is there any statistical
- 25 text that you could look at to see it that's the way

- 1 people use the words?
- 2 MR. MANASEVIT: That answer I couldn't
- 3 answer, but I can tell you that typically in an
- 4 education statute, funding is distributed on the basis
- of numbers of pupils. So if the statute says \$3,000 per
- 6 pupil shall go somewhere, the -- the statute means you
- 7 take that dollar amount and you --
- 8 CHIEF JUSTICE ROBERTS: Well, that must not
- 9 be right, because otherwise we wouldn't have any
- 10 disparity to worry about equalization in the first
- 11 place. Right?
- MR. MANASEVIT: Well, we always -- we always
- 13 will have disparity in the real world and that -- and
- 14 that's because lots of things cause disparity. In this
- 15 case actually, local tax revenues are not the cause of
- 16 disparity because there are no significant local tax
- 17 revenues at issue here. But disparity happens -- in the
- 18 top three or four districts in New Mexico you have under
- 19 100 students, or slightly over 100 students. In a
- 20 district that small, minor things, an insurance recovery
- 21 for example, a couple hundred thousand dollar insurance
- 22 recovery in a district of 87 students will generate
- 23 \$3,000 of revenue per member for that year. It's a
- 24 distorting figure. That's precisely what Congress is
- 25 trying to get rid of.

1 But when Congress says 5 percent, presumably 2 Congress intends that 5 percent to have some uniform 3 applicability across the country and not vary with a 4 State like New Mexico where it would just eliminate five 5 districts. Or in our -- in our neighboring State of 6 Maryland, Montgomery County has the highest per-pupil 7 revenues in the State. It has 16 percent of the 8 population. Under petitioners' view, that -- and it has 24 districts, so that district would be eliminated under 9 10 petitioners' view. It would completely be eliminated. 11 Yet under our view, the 10 percent would fall within 12 that and we would keep it in. So --13 CHIEF JUSTICE ROBERTS: Don't you think 14 Congress, if Congress is concerned about the, in this 15 provision, about the impact of the Federal presence, and 16 your reading prevents the money that Congress meant to 17 go to those particular districts from actually reaching 18 the districts, I mean, wouldn't we be inclined to read 19 it the way that, let the money get where Congress meant 20 it to go? 21 MR. MANASEVIT: Thank you, Mr. Chief Justice, because that was on the list of things that I 22 23 wanted to cover, and I'm sure that petitioners 'counsel 24 inadvertently misspoke. Impact aid never ever gets 25

diverted from the district. Impact Aid goes from the

1 Federal Government pursuant to a formula --2 CHIEF JUSTICE ROBERTS: Well, sure, but then 3 the question is whether the State can consider it when 4 they're figuring out how much money to give it. So in 5 effect it's diverted. 6 MR. MANASEVIT: Well, remember, the State 7 figures a total cost of program for every district 8 starting from zero, number of students and dollars needed to manage those number of students, and the State 9 10 supplies that amount of money. So where the district 11 gets some of that necessary money from another source, the State under equalization is allowed to just consider 12 13 that that amount of money, in addition to what the State 14 is going to provide, will provide the entire amount. 15 CHIEF JUSTICE ROBERTS: Thank you, counsel. 16 MR. MANASEVIT: Thank you very much. 17 CHIEF JUSTICE ROBERTS: Mr. Van Amberg, you 18 have three minutes remaining. 19 REBUTTAL ARGUMENT OF RONALD J. VAN AMBERG 20 ON BEHALF OF THE PETITIONERS 21 MR. VAN AMBERG: Mr. Chief Justice had a 22 question as to whether or not the, an appendix is 23 something different from a regulation or carries a 24 different weight, and I haven't found anything 25 determinative. But I would refer the Court to Young

- 1 versus Community Nutrition Institute where it identifies
- 2 something similar to an appendix as an example, and the
- 3 Court says an example is just that, an example.
- And I don't think we need the argument to
- 5 prevail, but we would submit that it is at best
- 6 confusion, it's confusing that the Secretary would take
- 7 the body of the methodology proposed by Congress, put it
- 8 in his, in the body of his regulation, and then refer
- 9 the public to an appendix in order to, how to work the
- 10 methodology. And in this appendix, he then flips what
- 11 Congress intended and what he had in the body of his own
- 12 regulation.
- I would also suggest that Congress cannot be
- 14 presumed even in this instance to not be, at least have
- 15 some input as to what was happening. In the Senate
- 16 bill, my understanding is that there was a suggestion
- 17 that the disparity figure would only be 10 percent and
- 18 not 25 percent. That didn't make it through but the
- 19 statute as it was written, and I think lasted for about
- 20 a year or so, had the disparity amount going from 25
- 21 percent to 20 percent. That was subsequently amended
- 22 and kept back up at the 25 percent level. So the idea
- 23 that this was not a bill where Congress paid attention,
- 24 I think, is not a warranted assumption.
- JUSTICE GINSBURG: Mr. Van Amberg, could a

1	State get to the same result? Let's say your reading of
2	the statute is the only permissible one. By combining
3	school districts, it's no longer going to be the X
4	school district and the Y school district, it will be
5	the XY school district, and then the population would
6	increase. Still only one LEA.
7	MR. VAN AMBERG: There is a provision,
8	Justice Ginsburg, in the Impact Aid Act, and I think
9	it's 7113, in which it basically says that if the
10	Secretary of the Education perceives that a State is
11	manipulating its LEAs in a way in which to take
12	advantage of the, of this limited exception, it can
13	disregard that action. So I think there is built I
14	think Congress was one step ahead of us and recognized
15	that possibility and addressed it.
16	JUSTICE GINSBURG: Thank you.
17	MR. VAN AMBERG: Thank you. With that,
18	thank you very much.
19	CHIEF JUSTICE ROBERTS: Thank you, counsel.
20	The case is submitted.
21	(Whereupon, at 11:07 a.m., the case in the
22	above-entitled matter was submitted.)
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	I	<u> </u>	I	I
<u> </u>	15:24	5:22,25 6:4,7	apply 29:4,10,24	attends 17:19
able 6:24	administration	6:13,22 7:9,15	49:6 50:14	attention 55:23
above-entitled	5:8 8:2,12	7:20,25 8:10	appreciate 7:16	Attorney 1:21
1:12 56:22	adopted 47:2	9:4,10 10:3,11	approach 22:8	attribute 25:12
absence 36:21	advantage 21:19	10:14,17 11:3	31:13,14 39:22	attributed 12:23
absolutely 31:9	22:22 56:12	11:12,23 12:7	40:15	authority 3:21
36:25 43:4,20	agencies 3:17	12:12,17,21	approaches	8:13 36:13
50:24	9:8,9 32:22	13:8,16 14:2,6	19:15 36:9	46:14
absurd 14:12	35:25 37:6,13	14:13,22 15:17	approximation	available 21:14
21:3 22:2	37:15,16,18,23	16:21 17:9,23	32:19	22:22 26:4
34:17 42:16,20	38:11 39:11	18:8,18,20	approximations	29:23
absurdity 21:9	40:25 41:2	19:14,24 20:18	32:21	average 9:16
22:7,13	48:16	21:7 22:17	area 17:22 50:1	avoid 33:15
accept 42:11,11	agency 6:7	54:17,19,21	<b>argue</b> 15:18	<b>a.m</b> 1:14 3:2
accomplish	11:17 13:14	55:25 56:7,17	22:12	56:21
20:20	29:24,24,25	ambiguity 13:12	arguing 16:4	
accomplished	30:6,13,14,24	13:13 17:24	36:17	<u>B</u>
20:21	31:1 38:5,22	36:24 40:2,4	argument 1:13	<b>b</b> 31:6,13,18
account 15:10	41:6 46:13,16	43:20	2:2,5,8,11 3:3	35:6,9,12,14
16:12 20:13	50:2,16 51:14	amended 55:21	3:7 21:8,9 23:6	35:15,24 36:2
30:10,12,21	aggregation	amount 29:22	24:12,17 25:3	36:5,19,19
31:20 35:20	49:13	32:6 33:7	26:24 27:2	37:5,5
36:6,14 40:10	<b>agree</b> 8:11 10:5	51:13 52:7	36:17,23 46:6	back 4:15 8:17
41:7,21,22	36:21	54:10,13,14	54:19 55:4	9:21,22 12:3
accurate 33:8	ahead 47:13	55:20	Arizona 21:18	15:22 20:19
acknowledge	50:11 56:14	amounts 49:7	artificial 32:10	22:24 40:24
25:3	aid 3:12,16 7:1	analysis 30:11	32:17	41:1 47:22,25
acknowledged	7:12 18:22	34:5 42:15	asked 13:15	48:18 55:22
7:5	19:4 26:10	announced 4:2	46:23 50:13,13	backdrop 15:20
acronym 36:22	29:1,2,4,6,20	answer 22:16	assessment	22:3
act 3:12,16 6:22	36:7 53:24,25	34:7 39:9 52:2	25:23	<b>bad</b> 16:19
7:12 24:12	56:8	52:3	assign 31:23	barely 21:2
25:10 26:2	<b>al</b> 1:4,7 3:5	answered 43:8	Assistant 1:18	base 26:4
27:22 29:9	Alaska 9:3	anybody 20:2	1:21	based 5:10
56:8	21:17 22:18	APPEARAN	assisted 3:15	baseline 15:24
action 56:13	Albuquerque	1:15	associated 14:23	bases 17:15
acts 26:10	33:21,24 34:9	appendix 26:21	38:10,13 40:9	basic 42:2
actual 33:3	<b>Alito</b> 9:4,10 39:1	27:1,6,9,11	49:16	basically 7:7
add 8:22 44:15	39:20	28:1,4,6 37:4	association	56:9
addition 54:13	allow 22:24 47:9	54:22 55:2,9	32:10,17 38:16	basis 52:4
additional 15:11	allowance 22:23	55:10	assume 24:18	bear 51:22,22
35:21 36:3,7	allowed 54:12	applicability	42:21,23	bears 39:1
address 15:6	allows 15:21	53:3	assumption 5:10	began 46:12
21:7 35:6 37:2	36:11	applied 22:20	55:24	behalf 1:16,20
addressed 24:11	<b>Amberg</b> 1:16	38:5 50:9	attach 30:15	1:22 2:4,7,10
56:15	2:3,12 3:6,7,9	applies 30:23,25	attached 51:8,16	2:13 3:8 23:7
adjustment	4:7,11,25 5:5	49:5	51:18	46:7 54:20

	<u> </u>	<u> </u>	<u> </u>	
believe 6:10	<b>built</b> 56:13	27:25 28:13	component	21:12
51:9,12	bunch 32:4	31:21 32:1,23	13:22	consist 12:2
belong 41:5	<b>b(ii)</b> 15:6	34:14,16,20,24	composition	consistent 40:17
benefit 3:17	<b>B)i</b> 29:17	35:4,13,18	21:20	consists 34:2
best 55:5		41:10 43:7	computation	contained 3:14
better 11:17	C	46:4,8 47:12	29:19	<b>contend</b> 22:2,21
15:20 16:4	C 2:1 3:1	49:11,23 50:11	concept 32:2	39:23
23:22,24 36:18	calculation 9:13	52:8 53:13,21	conceptual	contending
<b>big</b> 19:25	13:23 20:10	54:2,15,17,21	31:21 49:12	50:23
<b>biggest</b> 19:9,10	26:21 32:13	56:19	concerned 53:14	contention 4:25
<b>bill</b> 5:1,9,11,18	35:8	<b>child</b> 17:18	configuration	continue 25:14
8:4 55:16,23	<b>calls</b> 50:18	children 17:16	21:20	46:2
<b>bit</b> 45:3	capable 6:16	17:16,16	confront 42:15	continued 6:11
blanche 46:14	card 10:25	chose 14:8	confusing 55:6	continuing 29:9
block 22:11	44:21	<b>Church</b> 43:16	confusion 55:6	contributes
<b>body</b> 55:7,8,11	cards 10:6,6,8	circumstance	Congress 3:11	33:10 41:8
book 6:20	11:2 12:9 44:2	27:8	3:20 4:17,20	44:16
<b>books</b> 45:7	44:6,8,9,11,14	citizen 47:20	4:21,24 6:24	convinced 36:16
bottom 13:7	44:15	City 14:17	13:23 14:3,4,8	36:17 42:3,5
14:18 15:1	care 47:15,21	clear 5:13 9:11	16:5,22 18:21	42:23,23
16:2,8 18:5,17	carries 49:25	12:11 18:21	20:21 21:14	copied 6:19
18:18 19:3	54:23	40:4 50:24	24:1,13,13,14	core 22:11
20:11 45:13,19	<b>carte</b> 46:14	clearest 23:25	25:7,12,22	correct 4:11
Brand 24:5	case 3:4 9:2 11:4	24:9	27:10,21 28:2	12:7 13:8 17:9
<b>break</b> 49:14	11:16 19:9	clearly 3:12 14:5	28:9,25 29:5,6	18:13 19:24
brethren 17:21	24:3 26:2 27:8	combining 56:2	29:8,11 39:21	38:7 51:19
<b>Breyer</b> 10:1,4	28:20 35:2,10	come 29:13	39:25 42:6,16	<b>cost</b> 15:13 54:7
10:13,15,20	52:15 56:20,21	42:25	42:20 46:14,20	costs 15:11
11:5,14,24	<b>catch</b> 14:15	comes 31:2	46:20 47:2,2,7	35:21 36:7
12:8,13,15	cause 52:14,15	<b>comment</b> 4:3,10	47:17 50:2,3,3	counsel 11:18
13:2,9,17,24	<b>certain</b> 12:10,18	7:6 8:19	50:5,6,8 52:24	23:4 46:4
14:5,9,14	12:19,21 13:6	communities	53:1,2,14,14	53:23 54:15
16:11,21 20:3	48:25	17:13	53:16,19 55:7	56:19
20:18,22 43:19	certainly 22:7	Community	55:11,13,23	counting 18:5
43:23 44:1,7,8	23:24 50:25	55:1	56:14	countless 43:8
44:13,18,24	changes 4:5	compare 22:8	congressional	country 50:9
51:3,7,10,16	characteristic	compared 50:21	4:15 5:7,8	53:3
51:20,24	10:22	comparing	Congress's	County 53:6
<b>brief</b> 27:19 37:5	characterizati	30:20	15:19 22:20	<b>couple</b> 52:21
45:17	24:6	comparison	50:5	course 33:3 46:1
briefing 15:7	Chevron 24:7	50:19	consider 33:16	48:1
<b>briefs</b> 25:2 43:9	chief 3:3,9 6:15	<b>compel</b> 43:20	54:3,12	<b>Court</b> 1:1,13
<b>brings</b> 47:25	12:18 15:5	compelled 39:22	consideration	3:10 23:9,20
<b>broad</b> 51:2,17	23:4,8 24:3,16	39:22 42:16	17:25 22:10	46:9 54:25
broadest 30:4	24:21,24 25:9	<b>compels</b> 43:4,13	considerations	55:3
brothers 17:22	26:1,14,19	completely	36:12,14	<b>cover</b> 53:23
Brown 14:3	27:4,12,16,23	53:10	considering	covered 32:22

	•		1	1
create 4:16 40:4	54:25	47:9 52:10,13	18:10,11,15,23	educational
created 19:1	develop 47:5	52:14,16,17	19:11,16,17,17	3:17,18 6:15
creating 32:17	developed 45:3	55:17,20	19:22,25,25	17:17 18:24
critical 38:2,4	developing 6:17	dispute 41:5	20:5,12,13	30:6,12,14,24
38:23	devise 46:15	disregard 35:25	21:6,21 22:9	31:1 32:22
crystallize 33:12	difference 7:3	37:6,21 39:11	25:25 26:13	37:6,13 38:11
curtailed 46:1	8:14 27:5 30:9	41:11,12 48:16	33:17 34:3,21	39:11 40:25
<b>cut</b> 14:19,19	31:15,17,19	48:24 49:1	34:22 35:3,10	41:6
15:2	34:9 47:4,23	56:13	35:22 52:18	effect 21:25 22:1
cuts 22:9 24:17	48:23	disregarded	53:5,9,17,18	26:3 36:11,11
28:17	different 6:5,7	5:13 37:13,17	56:3	54:5
	7:18 8:25 9:1,3	37:19 39:4	district's 33:9	Effectively
D	10:22 16:5	40:5 49:1	diverted 53:25	31:25
<b>D</b> 3:1	18:2,2 21:6	disregarding	54:5	<b>EFIG</b> 6:23 25:1
day 13:1	25:16,18,20	41:18 49:3	doing 3:20 4:23	25:15 26:4,11
deal 28:24 32:20	26:1,5 40:7	distorted 33:15	33:6,8 47:15	26:16 27:21,23
dealing 29:2	44:3 45:13	distorting 52:24	50:15	27:24 28:9
30:22,23,25	50:19,23 54:23	distribute 10:2,4	dollar 51:13	29:1,5
32:3 35:9	54:24	10:8	52:7,21	eighth 32:7,9,16
49:13	differentials	distributed	dollars 19:4	either 23:15
deals 30:4	16:9	11:22 13:6,11	32:15 54:8	eliminate 8:21
<b>debate</b> 8:19 21:9	differently	13:19 14:1	<b>doubt</b> 38:9	9:20 22:19
21:10	39:25	52:4	drafted 5:4,6	53:4
decide 8:5	difficult 43:5	distributing	draftsmanship	eliminated 8:24
decision 7:3,4	difficulty 31:22	10:7,16 11:8	50:25	19:19 46:21,25
20:20,21	49:12	11:15 12:9,11	dramatic 8:14	53:9,10
decisively 3:13	directive 4:15	distribution	draw 24:23	eliminates 16:6
defined 40:5	directly 8:21	10:9,10,11	driving 16:24	16:11,17 22:9
definition 32:20	24:17 26:15	11:1	drop 45:12,13	eliminating 5:14
38:13,16	disagree 39:14	district 1:3 3:5	<b>D.C</b> 1:9,19,22	8:22,23 16:9
degree 43:6	disagreed 16:22	10:23 12:5,5		20:2,9
delegated 3:21	disavowed 3:24	14:16,18 16:8	E	employed 12:25
46:14	discover 51:21	17:7,8,15,19	E 2:1 3:1,1	enacted 3:11
Department 1:7	discretion 46:1	19:9 20:7,8,10	earlier 7:18	4:24 7:1 8:1
1:19 3:5 4:20	discussed 8:20	20:11 32:6,25	39:21 46:15	24:13 27:22
5:4	discussion 15:7	33:7,18,20,21	ease 34:5	28:2
depending 18:3	disequalization	33:22 34:1,25	easily 26:15	enacting 3:23
18:10	23:1	35:7,11 41:8	economies 15:14	28:8
depends 19:15	disequalizing	49:8,19,19,22	educates 17:15	endorsed 24:15
23:16 29:25	15:23 22:24	52:20,22 53:9	education 1:7	ends 19:11 20:1
deprive 8:5	disgorges 8:12	53:25 54:7,10	3:5 4:21 5:1,4	20:1
described 3:13	disparate 22:5	56:4,4,5	9:8,9 17:3,21	engaging 3:25
8:16 12:25	disparity 16:1	districts 3:18	24:19,25 25:24	enlighten 45:2
39:5	16:10 17:2,7	9:17 13:20	33:13 35:25	enormous 17:7
determination	22:12,23 30:3	16:7,12,12,14	38:22 45:6,17	entire 50:22
15:10	30:4 35:6	16:18 17:2,4,5	48:16 51:23	54:14
determinative	46:17 47:3,5,7	17:10 18:4,4,6	52:4 56:10	entirely 26:5

22.24	45.10	6 7 2 2 4 1 1		
entity 32:24	45:19	far 7:2 24:11	foreclosed 23:21	Ginsburg's
39:3	exclusions 31:19	26:24 45:5	23:23,25 24:4	46:10
equal 10:24	35:15	farming 17:13	24:7	give 22:23 32:8
equalization	exclusively	<b>favor</b> 42:9	forecloses 40:15	36:11 49:18
3:11,22 4:16	38:14 39:6	<b>Fe</b> 1:16	42:1	54:4
19:6 26:6,9	existed 29:8	<b>Federal</b> 1:20 2:7	<b>forget</b> 36:22	gives 36:11
46:15 52:10	expects 50:8	6:16 18:15,16	44:24	<b>giving</b> 47:19
54:12	expenditure	23:7 26:3	former 5:25	<b>go</b> 7:6 8:17 9:21
equalize 19:5	15:25 32:15	53:15 54:1	formula 3:12,22	18:15,16,22
22:21	38:9,22 43:24	figure 20:12	4:16,18,20	20:19 47:13
equalized 19:5	44:3	30:13,15,17,23	5:12 8:5 16:3,4	50:11 52:6
20:13 22:5	expenditures	30:25 33:6,10	16:6,25 19:6	53:17,20
25:24 26:12	9:16,24 10:19	52:24 55:17	21:16 22:2,18	goes 8:8 43:6,6
equalizes 22:17	11:21 12:2	figures 30:22	22:20 23:20	53:25
29:20	13:21 15:23	38:9 41:5,17	54:1	<b>going</b> 13:13 18:7
equally 49:25	22:24 25:24	45:21 54:7	formulas 21:25	30:15 34:12
especially 31:14	26:12 29:21,21	figuring 54:4	formulation	44:1 47:9
31:16	29:22 37:7,8	<b>finance</b> 24:19,25	39:10,10	49:14 54:14
<b>ESQ</b> 1:16,18,21	37:24 38:3,6	33:14 45:17	<b>forth</b> 27:18	55:20 56:3
2:3,6,9,12 23:6	38:15,19,24	49:25	<b>found</b> 54:24	<b>good</b> 16:18
essentially 4:8	39:6,17 40:19	<b>find</b> 9:20 11:9	four 52:18	goodness 6:2
4:12	40:21,24,25	13:12 48:12	free 47:5	Government
establish 3:22	41:3 45:24	finish 5:17	<b>front</b> 21:11	6:16 14:10
established 4:17	48:6,8,9,17,20	<b>first</b> 3:4 35:13	<b>fund</b> 3:18 18:23	50:13 54:1
19:6	51:1	35:16,19 37:19	fundamental	Government's
et 1:4,7 3:5	expert 13:4	39:9 41:16,19	36:5	21:1 27:19
event 8:11	experts 45:18	44:21,22 47:8	funding 16:9	29:16 37:5
exact 25:22	explanation	48:5,6,21,21	17:3,3 22:6	<b>grader</b> 32:7,9,16
exactly 5:6	22:25	52:10	52:4	grant 24:19 25:1
21:24 26:10	explicitly 24:14	<b>fiscal</b> 29:22	further 23:3	36:13
39:15,19,20	25:6	<b>fitted</b> 11:17		great 28:24
43:1 44:12	extensive 26:3	<b>five</b> 44:4,19,20	<u> </u>	<b>group</b> 13:5,25
45:25	extent 25:23	44:21 45:13	<b>G</b> 3:1	grouping 49:21
exaggerate 20:6	26:11 33:9	53:4	general 1:19,22	guess 11:8 13:13
exaggerated	35:20 36:6	flips 55:10	3:18 18:23	16:13
20:6	41:7 44:16	<b>float</b> 15:3	19:7	guided 43:9
example 14:16	extra 8:22 15:11	focusing 25:5	generality 26:8	
15:12 32:5	extraordinarily	<b>follow</b> 31:12	generate 52:22	H
33:12,16 52:21	50:1	following 46:20	generates 51:15	half 14:19 20:14
55:2,3,3		47:8	<b>giant</b> 14:16,17	20:14
examples 33:17	F	footnote 45:17	Ginsburg 4:7,12	hand 25:13
exceeds 30:6	fact 3:25 8:14	<b>force</b> 16:24	4:12,19 5:2,10	hands 46:23
exception 4:3	28:18 31:3	28:24	6:14 7:2,14,16	<b>happen</b> 23:23
19:1 21:19	fair 12:10 42:4	forcefully 22:13	17:23 18:8	happened 46:19
56:12	47:24	foreclose 24:1	21:4 45:2,5,10	46:24
exclude 45:21	<b>fall</b> 5:14 44:22	24:10 29:9	45:11 55:25	happening
exclusion 36:4	53:11	38:25 39:7	56:8,16	46:22 55:15
L	1	1	1	1

	1	1	1	1
happens 44:20	7:1,12 18:22	52:21	27:4,12,16,23	knocked 15:15
52:17	19:4 26:10	intended 42:6	27:25 28:13,17	know 5:5 11:3
Hawaii 35:1,1	29:1,2,4,6	42:21,24 50:7	29:12,15 30:8	11:15,15,19,24
hear 3:3	53:15,24,25	55:11	31:2,11,21	13:3,10 28:6
help 33:12	56:8	intends 53:2	32:1,23 34:14	29:25 31:8
<b>high</b> 15:13	impacted 3:17	intent 3:16	34:16,20,24	32:5,14 43:13
highest 30:5,20	18:22	43:10	35:4,13,18	45:5 47:14,18
30:24 33:19	important 45:22	intention 25:12	36:15 37:1,10	49:18 51:20
53:6	45:23	intentionally	37:12,15,22	knows 49:17,17
history 21:23	importantly	8:12	38:4,12,18	
46:13,13 47:19	47:19	interested 16:14	39:1,2,9,13,16	L
Holy 43:16	inadvertently	16:16,19	39:20,24 40:12	lands 17:14
<b>Honor</b> 6:23 7:10	53:24	interpretations	40:16,23 41:10	language 4:6,24
21:8 24:8	incentive 24:19	4:1	41:19,24 42:2	5:12 9:5 20:23
27:18 28:22	25:1	isolated 35:11	42:11,19 43:7	20:24,25 23:11
30:3 33:6 40:7	inclined 53:18	issue 14:4 24:14	43:15,19,23	23:13 27:14,22
huge 15:2	include 51:3,17	50:2 52:17	44:1,7,8,13,18	28:3 31:4,5,12
hundred 52:21	includes 40:20	issued 7:22	44:24 45:2,5	31:13 34:4
hypothetical	incorporate		45:10,11 46:4	43:1,3,9 45:23
12:19 34:17	25:6 26:16	J	46:8,10,22	47:20,21,25
35:5 44:6	29:7	<b>J</b> 1:16 2:3,12 3:7	47:12,14,24	48:2,2,4 50:17
	incorporated	54:19	48:9,12,24	large 18:4
I	24:15 26:24,25	January 1:10	49:11,23 50:10	largest 33:21
idea 11:10 55:22	27:10,11,13	<b>John</b> 32:14	50:11,12 51:3	lasted 55:19
identical 7:5	28:10,25	judicial 20:20	51:7,10,16,20	Laughter 11:11
identification	incorporates	<b>Justice</b> 1:19 3:3	51:24 52:8	23:18 42:7,10
38:14 39:3,5	27:9	3:9 4:7,12,19	53:13,22 54:2	43:18 44:25
40:2	increase 56:6	5:2,9,16,23 6:2	54:15,17,21	laws 4:3
identified 9:14	independent	6:5,9,14,14,19	55:25 56:8,16	<b>LEA</b> 15:12 16:2
25:2 37:16	36:13	7:2,14,16,21	56:19	38:14 39:5,5
38:5	<b>Indian</b> 17:14	8:3,11 9:4,10		40:3,5,9,11
identifies 48:25	indication 24:1	10:1,4,13,15	<u>K</u>	41:17 44:16
55:1	24:9	10:20 11:5,14	Kansas 21:17	56:6
identify 37:16	individual 30:16	11:18,24 12:1	22:17	lead 18:2 46:21
37:18,22 48:21	31:24 32:4	12:8,12,15,18	keep 45:14,14	LEAs 5:13,14
49:4	49:18 50:16	13:2,9,17,24	53:12	5:14 8:21,24
identifying	inference 24:23	14:5,9,14 15:5	keeps 16:20	9:16,18,20,24
37:19 39:15,16	infirmity 14:23	16:11,21 17:1	KENNEDY	12:23 13:20
41:20	information	17:23 18:8,13	19:20 22:14	14:24 15:1,11
ii 35:6,9,12,14	21:15	18:19,21 19:7	kept 55:22	22:3,4 32:3,11
36:2,5	inject 40:1	19:20 20:3,5	kind 10:5,9	40:8 41:12,14
illuminating	<b>input</b> 55:15	20:18,22 21:4	16:15 22:11,19	41:16,19 48:5
46:11	inquiry 24:6	22:14 23:4,9	31:13 45:7	48:6,21,22,24
imagine 34:2	instance 41:16	23:10,13,14	kindergartner	48:25 49:3
immediate	55:14	24:3,16,21,25	32:7,8,14	56:11
48:19	Institute 55:1	25:9,16,18,21	knew 21:20	left 20:12 50:2
impact 3:12,16	insurance 52:20	26:1,14,19	24:18	legally 27:5

	I		I	I
legislation 3:24	<b>lot</b> 44:8,10	3:13 6:17 8:16	national 50:7,7	0
4:5,17 5:20	lots 39:24 52:14	12:24,25 14:7	natural 50:14	$\overline{\mathbf{O}}$ 2:1 3:1
7:24,25	low 45:20	14:23 15:19,20	nature 51:23	obeyed 14:4
legislative 21:23	lowest 30:7,20	16:22 24:2,10	necessarily	object 14:14
<b>LEIGH</b> 1:21 2:9	30:25	26:22 29:10	16:24 27:11	obviously 12:3
46:6		31:4,5 32:18	necessary 33:13	39:13
let's 5:17,17	M	33:4 46:2 55:7	54:11	odd 25:12
10:5 11:1	<b>M</b> 1:21 2:9 46:6	55:10	need 9:13,14	offered 22:25
19:16,17 44:20	<b>major</b> 29:19	metropolitan	23:13 55:4	office 7:23 43:8
56:1	making 15:9	17:22	needed 54:9	officer 6:15
level 26:7 30:4	manage 54:9	Mexico 9:2	neighboring	Okay 37:10
55:22	Manasevit 1:21	14:25 16:7	53:5	omnibus 5:1
lie 38:10	2:9 46:5,6,8	17:10,11,18	never 11:16	ones 44:3
light 22:14	47:24 48:11,14	18:25 19:5	53:24	one's 20:11,11
liked 46:25	49:2,23 51:6,9	21:17 22:1,18	nevertheless	opponent 43:2
limitations	51:12,19,22	33:18 49:7	16:5	opponent's 42:3
31:22	52:2,12 53:21	52:18 53:4	new 7:11,23,24	opposite 19:11
limited 19:1	54:6,16	Mexico's 11:4	7:25 9:2 11:3	24:23
56:12	manipulating	military 17:14	14:16,25 16:7	option 22:21
line 18:12,14,17	56:11	mimic 26:23	17:10,11,18	36:3
18:18 19:3	Maryland 53:6	mimicking	18:25 19:5	oral 1:12 2:2,5,8
25:3 27:20	material 45:22	26:20,21	21:17 22:1,18	3:7 23:6 46:6
<b>list</b> 14:17,18	matter 1:12	mind 47:22 50:5	33:18 49:7	order 9:12 13:7
40:9,10,20,21	56:22	51:22,23	52:18 53:4	13:21 22:19
44:2 53:22	maximum 47:9	minor 52:20	note 50:19	33:15 44:15
little 12:13 45:3	mean 8:6,25	minutes 54:18	<b>notice</b> 4:3,9 7:6	55:9
local 3:17 9:8,9	10:5 14:21	misleading	8:19	ordinarily 29:3
17:3 29:21	17:20 23:17	34:12	<b>number</b> 10:7,18	original 8:18
30:6,12,13,14	38:8,20 41:6	misspoke 53:24	10:21,22,22,24	ought 41:14
30:24 31:1	47:15 51:13,14	mistake 48:3	14:24 15:1	outliers 14:15
32:22 35:25	53:18	model 50:24	18:11 21:5	14:21 15:6
37:6 38:10,22	meaning 50:25	money 16:16	30:14,18,21	20:9 47:10
39:11 40:24	meanings 49:25	18:15,16,24	31:24 32:3,8,9	overall 33:10
41:6 48:16	means 9:22	19:3,10 32:6	34:8,8,21,22	41:9 44:17
52:15,16	11:10 47:21	32:13 53:16,19	35:3 40:11	
long 6:2,4 46:2	52:6	54:4,10,11,13	41:17,21,22	P
longer 46:24	meant 53:16,19	Montgomery	44:6,9,21 47:9	<b>P</b> 3:1
56:3	measure 42:20	53:6	47:10 49:15,16	page 2:2 27:19
longstanding	member 47:17	Mosquero 33:19	49:20 54:8,9	27:20 37:4
29:10	52:23	34:1,8	numbers 10:21	paid 55:23
look 16:8 21:22	merely 4:4	move 28:22	12:9 14:25	pair 34:4
28:1,1,4,6 30:2	38:12,15	multiply 30:18	32:11 33:3	paragraph
48:1,5 50:16	<b>method</b> 36:18	mysterious 14:6	44:12,15 49:21	29:20
51:21,25	42:24		50:21 52:5	Pardon 10:3
looked 21:24	methodologies	N	Nutrition 55:1	part 7:1 26:20
looking 48:19	18:9 21:12	N 2:1,1 3:1	<b>N.M</b> 1:16	28:4,6 30:10
loose 22:9	methodology	narrow 21:19		30:19 31:18
	-	=	-	-

	ı	1		1
38:23 45:23	42:21 56:2	28:8,22,24	42:24 48:19	24:11,14 36:10
particular 9:2	permit 20:23,24	35:17,23 36:5	probably 8:1	40:4 53:15
15:10 19:19	21:2	37:11 39:1,20	36:18	56:7
21:16 35:21	perpetuate	45:16,22	problem 5:17	provisions 25:1
41:8 53:17	42:24	pointed 41:19	14:21 15:2,18	26:9
particularly	person 39:4	points 35:12	17:1 19:21	<b>public</b> 1:3 3:4
14:25 15:13	persuasive 25:4	policy 15:2	20:4,15	4:3 8:19 55:9
17:10,20 35:11	per-pupil 30:5	poor 17:5,5 20:8	problems 18:10	pupil 9:16 10:24
parts 13:22 39:8	31:23 32:2,3,8	20:10	21:13 36:20	12:6,6 13:21
peculiar 45:11	32:9,11,15,20	<b>poorer</b> 17:21	procedure 42:24	15:25 17:7,7
people 16:16	33:10,19,24,25	population 53:8	proceeding 4:2	19:10 29:17,22
52:1	34:6,10 37:6	56:5	proceedings	29:23 30:6,15
perceives 56:10	37:20,23,24	populations	8:20	30:17 49:12,14
percent 10:12	38:6,9,15,19	17:12 18:12	process 4:10	49:14,16 51:4
16:6,10,13,13	38:22 39:11	portion 8:20	8:25 9:25	51:8,17,18
16:17,20 20:1	40:8,25 41:2,5	portions 9:22	17:18 48:4	52:6
22:3,9,11,19	43:24 44:3	29:19	49:4	pupils 8:23,24
22:23 30:7	45:20 48:16,17	posed 35:5	processes 50:22	14:20 16:13,20
44:19,22 46:17	48:20,23 49:7	position 24:17	produce 14:11	16:20,23,24
47:3,8 49:5,5	49:9,9,15,19	29:16 39:7	produces 21:3	18:5 21:5
50:4,4,20 53:1	49:21 51:4,8	43:5,14	program 3:19	29:25 30:10,12
53:2,7,11	51:13,18 53:6	possibility 56:15	18:24 24:19	30:14,16,18,21
55:17,18,21,21	Petitioner 1:5	poverty 15:3	25:1,15 26:5	31:10 32:4,12
55:22	1:17	power 8:5,6,9	29:20 35:21	33:1,2,7,20,23
percentage 8:23	petitioners 2:4	practical 21:25	36:6,22 50:8	40:11 41:11,14
percentages	2:13 3:8 39:22	22:1	54:7	41:18,21,23
8:23	48:3 53:8,10	practitioners	programs 25:22	49:1,13 52:5
percentile 5:15	53:23 54:20	33:14	50:8	purpose 17:6,11
8:21 9:6,7,7,8	Petitioner's	precise 48:15	promulgated	25:22,25 26:9
9:13,21,23	39:10	precisely 48:2	5:20,24 6:1	26:10 31:9,11
10:9,18 11:20	philosophically	50:1 52:24	7:12 8:18	purposes 25:8
12:24 13:5,10	15:18	premises 42:12	47:20	25:15,16,19,21
19:18,18 31:18	philosophy 9:1	prescribe 33:14	promulgating	26:2 29:4,17
34:5,6,10 36:1	phrase 38:19	presence 26:3	3:16	29:18,19 30:19
37:7,8 38:2,2	picture 33:9	53:15	proper 6:11	pursuant 54:1
38:24,24 43:23	34:12 41:9	present 34:11	proposal 45:12	put 6:20 10:5
45:15,23 48:5	44:17	pressures 8:7	45:12,13	55:7
· ·	pictures 33:11	presumably	proposed 4:20	
48:7,8,22	pictures 33.11	presumanty		
2 2		53:1	5:19 7:24 8:15	Q
48:7,8,22 50:20,21 51:1 51:1	piggyback 36:8 place 21:10	53:1	1	qua 26:25
50:20,21 51:1	piggyback 36:8		5:19 7:24 8:15	
50:20,21 51:1 51:1	piggyback 36:8 place 21:10	53:1 <b>presumed</b> 55:14	5:19 7:24 8:15 45:25 46:20	qua 26:25 quarter 20:7,8 question 11:8
50:20,21 51:1 51:1 percentiles 5:14	piggyback 36:8 place 21:10 28:11 46:3	53:1 presumed 55:14 prevail 55:5	5:19 7:24 8:15 45:25 46:20 47:1 55:7	qua 26:25 quarter 20:7,8 question 11:8 12:17 13:15,17
50:20,21 51:1 51:1 percentiles 5:14 35:15 37:20	piggyback 36:8 place 21:10 28:11 46:3 52:11	53:1 presumed 55:14 prevail 55:5 prevents 53:16	5:19 7:24 8:15 45:25 46:20 47:1 55:7 <b>provide</b> 12:24	qua 26:25 quarter 20:7,8 question 11:8 12:17 13:15,17 19:8,22 20:5
50:20,21 51:1 51:1 percentiles 5:14 35:15 37:20 39:12 40:19	piggyback 36:8 place 21:10 28:11 46:3 52:11 places 17:3	53:1 presumed 55:14 prevail 55:5 prevents 53:16 previous 48:15	5:19 7:24 8:15 45:25 46:20 47:1 55:7 <b>provide</b> 12:24 54:14,14	qua 26:25 quarter 20:7,8 question 11:8 12:17 13:15,17 19:8,22 20:5 23:19,19 26:5
50:20,21 51:1 51:1 percentiles 5:14 35:15 37:20 39:12 40:19 41:20 49:6	piggyback 36:8 place 21:10 28:11 46:3 52:11 places 17:3 please 3:10 8:9	presumed 55:14 prevail 55:5 prevents 53:16 previous 48:15 previously 3:21	5:19 7:24 8:15 45:25 46:20 47:1 55:7 <b>provide</b> 12:24 54:14,14 <b>provided</b> 9:15	qua 26:25 quarter 20:7,8 question 11:8 12:17 13:15,17 19:8,22 20:5 23:19,19 26:5 26:11,13 29:8
50:20,21 51:1 51:1 percentiles 5:14 35:15 37:20 39:12 40:19 41:20 49:6 50:6	piggyback 36:8 place 21:10 28:11 46:3 52:11 places 17:3 please 3:10 8:9 23:9 46:9	presumed 55:14 prevail 55:5 prevents 53:16 previous 48:15 previously 3:21 47:6	5:19 7:24 8:15 45:25 46:20 47:1 55:7 <b>provide</b> 12:24 54:14,14 <b>provided</b> 9:15 12:22 13:23	qua 26:25 quarter 20:7,8 question 11:8 12:17 13:15,17 19:8,22 20:5 23:19,19 26:5
50:20,21 51:1 51:1 percentiles 5:14 35:15 37:20 39:12 40:19 41:20 49:6 50:6 perfect 17:8	piggyback 36:8 place 21:10 28:11 46:3 52:11 places 17:3 please 3:10 8:9 23:9 46:9 pockets 17:11	53:1 presumed 55:14 prevail 55:5 prevents 53:16 previous 48:15 previously 3:21 47:6 prior 4:8 5:21	5:19 7:24 8:15 45:25 46:20 47:1 55:7 <b>provide</b> 12:24 54:14,14 <b>provided</b> 9:15 12:22 13:23 <b>provides</b> 9:19	qua 26:25 quarter 20:7,8 question 11:8 12:17 13:15,17 19:8,22 20:5 23:19,19 26:5 26:11,13 29:8

			I	
46:11 47:16,24	recognized 3:14	reiterate 39:20	48:23 49:7,9	54:19
50:13 54:3,22	18:9 21:11,13	relative 18:12	51:4,8,13,18	roughly 33:25
questions 23:3	56:14	41:7	52:23	34:1
quoted 11:20	Record 5:8	relatively 35:3	revenues 9:23	routinely 33:14
quoting 27:20	recovery 52:20	relevant 17:24	10:19 11:21	rule 42:9
	52:22	35:16	12:1,4 13:21	rulemaking
R	reduced 22:2	rely 16:23	30:5,6 32:20	3:25
<b>R</b> 3:1	refer 48:14,18	relying 11:17	33:19,24,25	run 9:12,14
range 45:19	54:25 55:8	remaining 54:18	34:6,10 37:7,9	19:25 20:1
47:10 49:4,5,6	reference 6:24	remains 31:3	37:20,23,24	running 10:18
rank 9:18 12:23	12:3,4,5 38:6	remember	38:3,6,9,15,19	
32:24 48:6,21	48:19 49:20	51:19 54:6	38:25 39:6,12	$\frac{S}{S}$
48:22	references 5:7	removed 3:20	39:17 40:8,20	S 2:1 3:1
ranked 13:19,20	referencing 9:22	removing 22:5	40:22,24 41:1	Santa 1:16
30:5,24,25	referred 13:5	repealed 7:13	41:3 45:21,24	satisfied 46:24
33:1,2	28:10	repeated 51:14	48:6,10,17,18	saying 11:6 31:2
ranking 5:13	referring 24:18	repeats 49:9	48:20 49:9	49:24,24 51:5
13:1 33:1 40:7	32:11 41:1	represent 40:21	51:2 52:15,17	says 8:8 9:6
41:12,13,14,16	refers 10:9 12:3	representative	53:7	14:10 15:9
50:22	13:10 40:18,24	20:16 35:10	re-enacted 7:15	24:4,5 28:1
reaching 53:17	48:13 50:20,21	representative	rich 17:4 20:7	30:3 35:19,24
read 53:18	50:21	20:17	20:10	36:5 37:5 43:1
reading 18:2	refining 4:5	requires 31:5,13	rid 52:25	43:2,2,22
23:22,24 42:4	reflect 22:7	respect 24:25	right 13:2,16	48:24 49:2,2 52:5 53:1 55:3
42:4 43:4,13 50:5,14 53:16	44:16	25:21 26:8	14:13 20:3	56:9
56:1	reflected 3:14	29:6 30:12	21:7 26:8 30:8	scale 15:14
readings 42:22	4:5 6:17	31:10,17	37:15,25 39:13	42:14
readopted 45:7	reflects 35:21	respectfully	43:25 44:24	Scalia 5:16,23
real 16:16 33:17	36:7	20:19	45:9 51:21	6:2,5,9,14,19
52:13	regardless 18:6	respond 5:9	52:9,11	7:21 8:3,11
really 9:5 15:25	regulation 3:22 7:5,10,11,17	Respondent 1:20,23 2:7,10	<b>ROBERTS</b> 3:3 12:18 15:5	11:18 12:1
16:19 22:25	7:18,23 8:16	23:7 46:7	23:4 24:3,16	17:1 23:10,13
29:11 33:6	8:18 15:21	Respondents	24:21 25:9	23:14 25:16,18
36:23 42:4,15	25:13 26:16,20	22:2	26:1,14,19	25:21 28:17
42:23 43:1	26:25 27:1,1,5	response 3:24	27:4,12,16,23	29:12,15 30:8
47:14	27:6,9,10 28:1	4:14	27:25 28:13	31:2,11 40:23
reason 6:9 9:12	28:3,10,11,25	result 14:12	31:21 32:1,23	43:15 46:22
14:10 15:8,16	29:2,4,7,7 45:7	21:1,4 42:17	34:14,16,20,24	47:14,25 48:9
15:25 20:25	54:23 55:8,12	42:25 56:1	35:4,18 41:10	48:12 50:10,12
28:24 29:7	regulations 3:23	results 9:3 18:3	43:7 46:4	school 1:3 3:4
30:11 32:24	4:4,8,9,14 5:21	33:16	47:12 49:11	3:18 10:23
33:8 45:14,18	5:23,25 6:20	retain 7:4,10	50:11 52:8	13:20 14:16,18
45:21	6:24 25:7	18:25 45:19	53:13 54:2,15	15:22 16:7,8
reasonable 22:6	regulatory 4:5	revenue 10:24	54:17 56:19	16:11,12,14,18
REBUTTAL	27:3 29:10	29:23 33:10,11	<b>RONALD</b> 1:16	17:2,4,5,15,19
2:11 54:19	rein 47:5	38:23 41:5	2:3,12 3:7	18:6 21:6,21
	•	•	•	•

22:9 25:25	42:22	37:1,10,12,15	2:6	45:6 46:12,16
26:12 32:5	sensible 28:7	37:22 38:4,12	standard 3:15	48:1,2,3,4
33:7,9,17,21	serve 17:10	38:18 39:2,9	30:4	50:24 52:4,5,6
33:22 34:1,22	served 30:14	39:13,16,24	standards 9:15	55:19 56:2
34:25 35:3,7	31:9	40:12,16 41:19	starting 54:8	statutes 4:1
35:10,11 41:8	serves 33:22	48:24	state 1:22 2:10	statutory 5:12
49:25 56:3,4,4	set 9:14,16	speak 32:10	9:24 10:19	9:5 23:21 27:3
56:5	10:15,21 12:9	speaks 14:3	11:21 12:2,4	34:4 35:14
schools 13:1	13:6 27:18	special 1:21	14:20 17:17	step 8:22 24:6
26:4	setting 19:19	17:17 35:2,10	18:3,3,7,7,11	41:19,21,22
second 7:6,10	side 18:16 21:3	specifically	18:17,24,25,25	56:14
27:20 29:21	significant 8:17	28:10 29:1	19:3 20:6 21:8	Stevens 18:13
44:20	52:16	spectrum 19:12	22:22 25:24	18:19,21 19:7
Secretary 3:21	significantly	38:10	26:12 29:20	20:5 41:24
3:23 4:1,15,22	7:18	spend 32:6,7	33:11,16,19,22	42:2,11,19
5:19,20 6:5,10	similar 9:25	49:17	34:2,7,11,13	stipulate 36:16
6:10,25 7:12	14:22 55:2	spends 10:23	34:22,24 36:6	stop 4:22
7:22,22,23 8:1	simple 11:8	split 34:9	36:9,11 37:9	stretch 20:25
8:4,8 15:9 18:9	simply 11:19	squared 27:2	37:20 38:3	23:11,13,17
21:11 28:11	17:18 35:23	squeak 22:20	40:20,22 41:9	strictly 16:23
29:3,9 35:5,24	40:9 51:12	SRI 1:18 2:6	45:24 46:7	student 31:24
36:2,3,10,13	sisters 17:22	23:6	48:7,20 53:4,5	49:10 51:15
45:6,25,25	situation 20:9	Srinivasan 1:18	53:7 54:3,6,9	students 13:1
46:19,23,24	36:9 42:14	23:5,6,8,10,12	54:12,13 56:1	15:13 16:16
47:4,6,7,15,22	size 18:6	23:16,19 24:5	56:10	17:20 19:21,23
55:6 56:10	sliding 42:14	24:20,24 25:11	states 1:1,13	20:2,8,14
Secretary's 4:23	slightly 52:19	25:17,20 26:7	3:19 15:22	31:23 32:5,21
5:11,18 7:3,4	small 14:24 15:1	26:18,23 27:7	18:1 21:6,17	32:25 35:7
15:19 16:3,6	15:12 17:12	27:15,17,24	22:15 35:2	41:2 44:19
22:8 23:20	18:4 35:3	28:5,15,21	State's 19:2	52:19,19,22
24:2,10,15	52:20	29:12,14 30:2	stating 4:4	54:8,9
25:6 26:16	smaller 34:1	30:9 31:7,16	statistical 3:15	subject 13:3
39:9 45:12	smallest 34:21	31:25 32:19	19:15,22 51:24	submit 55:5
46:21	34:21	33:5 34:15,18	statistician 11:9	submitted 56:20
Section 24:13	<b>Smith</b> 32:14	34:23 35:1,12	statute 6:17,21	56:22
28:23	Solicitor 1:18	35:23 36:15,25	6:23 8:15 9:19	subsection 12:5
see 9:2 16:18	somewhat 50:9	37:3,11,14,18	9:23 11:10,20	15:6 40:2
21:8 22:14	50:23	38:1,8,17,21	12:10,20,22	subsequently
46:17 49:11	sorry 11:24	39:8,14,19	13:24 14:15	55:21
51:25	12:12 42:1	40:6,14,18	15:21 17:24	substance 5:17
seeks 18:25	45:1 47:13	41:4,15,25	24:9 27:18,21	suffer 17:21
seen 11:16 36:3	sort 33:13,15	42:8,13 43:3	27:23,24,25	suggest 9:5
self 3:14	42:14	43:11,22,25	28:2,8,9 30:19	29:11 55:13
Senate 55:15	sorts 36:12	44:5,11,14,23	31:12 35:24	suggested 45:18
sense 17:8 28:16	sought 4:2	45:1,4,9,16	38:23 40:14	suggestion
32:2,10,14	source 54:11	50:18	41:10,25 42:4	55:16
33:4 36:2	<b>Souter</b> 36:15	SRINIVISAN	43:10,12 45:3	suggests 24:22

41:13 49:21	38:14 39:6,17	thought 4:19	35:12 39:8	usual 8:11
supplies 54:10	50:3,6	11:18,19 12:15	40:7 42:21,22	U.S.C 4:4
supposed 7:11	test 23:21 38:2,4	13:4 15:12	46:18,21,25	
18:22,23 37:12	46:17 47:1,2,3	17:1,5 29:3	47:10 50:21	V
39:18	47:3,5	32:2 43:7	two-part 48:4	<b>v</b> 1:6
<b>Supreme</b> 1:1,13	tests 46:15,16,18	47:15,17 49:20	<b>type</b> 14:7 50:19	<b>value</b> 11:12,14
sure 17:6 29:14	46:21,25	thousand 11:2	types 15:10	17:17 49:4
32:20 37:3	text 7:7,17 27:3	32:15 52:21	typically 52:3	50:22
40:12 41:4	27:3,18 28:23	thousands 10:6		values 9:19
44:23 45:4	29:13 35:14	three 21:16,17	U	12:22 49:6
53:23 54:2	36:19,24 37:2	46:16 52:18	ultimately 44:6	Van 1:16 2:3,12
surprised 15:6	37:5 40:17,18	54:18	unambiguous	3:6,7,9 4:7,11
susceptible 25:3	51:25	tie 46:23	3:14 9:5,11	4:25 5:5,22,25
suspect 20:25	textual 42:15	time 6:3,4 7:3,7	unambiguously	6:4,7,13,22 7:9
swath 32:21,25	thank 13:18	23:2 28:12	23:21,23,25	7:15,20,25
system 19:5	23:4,8 46:3,4	46:16 49:10	24:1,4 43:4,12	8:10 9:4,10
ļ ———	53:21 54:15,16	51:14	unaware 15:8	10:3,11,14,17
T	56:16,17,18,19	times 51:14	understand	11:3,12,23
T 2:1,1	theory 29:17	today 3:4 46:12	13:14,17 15:4	12:7,12,17,21
take 8:8 10:20	thing 10:13,14	46:17 47:3	20:22 29:15	13:8,16 14:2,6
13:13 15:10	10:17 16:15,15	told 29:5 41:11	44:23	14:13,22 15:17
19:2,21 21:3	16:18,19 28:7	47:7	understanding	16:21 17:9,23
21:19 22:15,22	28:19 47:17	top 13:7 14:17	12:13 14:2	18:8,18,20
27:14 28:3,5	things 10:16	16:2,8 18:4	18:14 55:16	19:14,24 20:18
30:10,11 31:14	13:5,6,11 21:2	20:11 27:19	understands	21:7 22:17
31:20,23 32:4	39:24 47:8	44:4,19 52:18	36:10	54:17,19,21
34:7,8 35:20	52:14,20 53:22	total 10:18 54:7	understood 28:2	55:25 56:7,17
36:6,14 40:8,9	think 5:5,6 8:1,7	totality 41:1	unexpressed	<b>variable</b> 9:15,19
40:10 41:7,21	9:11,11 11:6,7	totally 8:25 9:1	43:10	12:22
41:22 42:25	13:17 14:10	9:3	unfortunately	variation 21:5
44:3,18,20	15:1,3 16:3,21	touched 36:19	11:9 13:3	vary 53:3
47:10 52:7	18:1 19:8 20:4	traditional	uniform 53:2	<b>verge</b> 42:17
55:6 56:11	22:12 23:12,23	17:13	uniformity 18:7	versus 55:1
taken 19:4,12	23:24 24:11,24	Trinity 43:16	50:7	view 6:11,13,15
35:8	25:4,11 27:2,7	trouble 12:13	uniformly 50:9	13:13 16:23
takes 10:23	27:17 28:17,23	26:20	unique 17:11	19:13 21:1,3
talking 5:3	31:4,12 33:5	true 18:1 19:8	<b>United</b> 1:1,13	53:8,10,11
29:13 40:3	33:12 34:11	38:21	<b>units</b> 9:13 13:19	views 11:17
tax 26:4 52:15	36:1 38:17,25	trying 19:2	13:22	villages 17:13
52:16	40:6 42:9,12	20:16,20 21:18	urban 17:11	virtually 46:14
team 43:16	42:13,16,17,19	24:23 28:8	urge 23:14	<b>voted</b> 47:17
technical 50:1	43:1,5,6,12	52:25	<b>usage</b> 48:15	<b>voting</b> 47:18
tell 40:16 41:12	45:8,9,20	turn 3:23	use 19:22 24:7	vs 3:5
52:3	46:11 47:21	<b>two</b> 14:19 18:15	25:14,15 29:16	<b></b>
tells 43:9 48:22	50:15 53:13	19:10 21:12,25	29:18 31:3,8	<u>W</u>
term 48:15 51:2	55:4,19,24	24:25 30:22	33:11,17 34:5	want 11:14
terms 27:9	56:8,13,14	33:17 34:3	52:1	13:10 22:15
				23:11 25:14,14
	•	•	•	

39:4 51:7,10	work 16:25	<b>1,000</b> 17:16	<b>30</b> 27:19,20	35:15 36:1
wanted 21:22,24	17:25 19:18	<b>10</b> 1:10 16:13	<b>377,000</b> 49:8	38:2 39:12,15
25:23 29:11	21:16 50:2	44:19 50:4	377,000 49.0	40:19 41:20
47:6 53:23	55:9	53:11 55:17	4	45:15,23 48:7
			4a 37:4	,
wants 19:5	works 15:16	<b>10:05</b> 1:14 3:2	<b>46</b> 2:10	48:22 50:25
22:22	world 31:19	<b>100</b> 17:15 52:19	40 2.10	<b>96</b> 8:1
warranted	52:13	52:19	5	
55:24	worried 26:2	11 22:3	<b>5</b> 4:4 16:12 20:1	
Washington 1:9	worry 52:10	<b>11:07</b> 56:21	38:20 44:22	
1:19,22	<b>wouldn't</b> 14:20	<b>14</b> 22:11	47:11 49:5	
wasn't 4:23 5:4	19:12 20:4	<b>15</b> 22:11		
6:8 15:7	23:14 28:19	<b>16</b> 53:7	50:3 53:1,2	
way 7:22 13:25	29:3 41:10	<b>18</b> 19:17 20:12	<b>5th</b> 9:6,8 10:9	
14:10,11 18:5	46:1 52:9	20:13 47:1	11:20 31:18	
31:22 32:25	53:18	<b>18-year</b> 46:13	35:15 36:1	
36:9 40:12	write 10:24	<b>19</b> 19:17	37:8,19 38:2	
41:9,18 42:8	written 55:19	<b>1974</b> 4:15	38:24 39:12	
51:25 53:19	wrong 51:21	<b>1976</b> 6:1 8:17	40:19 41:20	
56:11		12:25 18:9	43:23 45:15	
ways 40:7	X	21:10	48:5,7 51:1	
Wednesday	<b>x</b> 1:2,8 24:5 56:3	<b>1994</b> 3:11,24	<b>5,000</b> 17:16	
1:10	XY 56:5	4:16 21:14	<b>50th</b> 34:4,5,6,10	
weight 30:13		25:7 27:18,21	<b>54</b> 2:13	
40:11 54:24	Y	46:19	<b>545-page</b> 5:1	
weighted 41:17	Y 56:4	<b>1996</b> 3:23	<b>553(b)</b> 4:4	
weighting 33:6	Yeah 13:2 44:13	1990 3.23	<b>57</b> 33:20 35:7	
	year 29:22 52:23	2	<b>59th</b> 37:7,19	
33:13,15 38:25	55:20	<b>2</b> 36:19	38:24	
40:21	years 47:1	2(a) 30:2		
went 8:19 26:19	York 14:16	<b>2,000</b> 32:16	7	
We'll 3:3	Young 54:25	· ·	<b>7,000</b> 34:8	
we're 5:3 10:25	Toung 54.25	<b>2.A</b> 50:15,16,16	<b>7113</b> 56:9	
20:9,12,16	$\overline{\mathbf{Z}}$	50:17,18,18,20	<b>76</b> 7:7	
21:9 26:2 29:2	zero 54:8	<b>20</b> 15:13 19:16	<b>7709</b> 24:13	
33:5,8 48:19	<b>Zuni</b> 1:3 3:4	20:5,7 55:21	28:23	
49:24,24 50:23		<b>2007</b> 1:10		
white 22:14	<b>\$</b>	<b>22</b> 22:19	8	
<b>wide</b> 16:1	<b>\$200</b> 32:16	<b>23</b> 2:7 22:9	<b>84,000</b> 33:22	
wildly 18:2,2	<b>\$3,000</b> 33:25	<b>24</b> 53:9	<b>87</b> 52:22	
Williamson 14:3	52:5,23	<b>244</b> 16:10	<b>89</b> 1:4 22:10	
win 18:15 20:24	<b>\$5,000</b> 34:11	<b>25</b> 22:23 30:7	49:7,8 51:14	
wins 16:5 18:16	<b>\$7,000</b> 34:2	46:17 47:3,8		
wise 15:2	Ψ1,000 37.2	55:18,20,22	9	
word 12:2 51:13	0	<b>26</b> 16:6,11,12,17	<b>90</b> 16:20	
51:17	<b>05-1508</b> 1:6 3:4	22:9	<b>94</b> 5:19 8:1	
words 4:13,22			<b>95</b> 38:19 49:5	
10:20 12:8	1	3	95th 5:15 9:6,7	
35:6 51:3 52:1	129:20	<b>3</b> 2:4	9:21,23 31:18	
22.0 21.3 22.1	= -> 0	<b>3,000</b> 34:9	7.41,43 31.10	
	l		<u> </u>	I