

AMENDED IN ASSEMBLY APRIL 10, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2435**

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**Introduced by Assembly Member Roger Hernández**

February 24, 2012

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An act to amend Section 12000 of, and to add Section ~~33038~~ 33329 to, the Education Code, relating to education finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2435, as amended, Roger Hernández. Education finance: indirect cost rates.

Existing law requires the State Board of Education to direct the allocation and apportionment of federal funds to school districts, as defined, and other agencies entitled to receive those funds. *Existing law authorizes the State Department of Education to take numerous actions with respect to the receipt of funding by school districts and other local educational agencies.*

This bill would require the ~~state board~~ *State Department of Education*, and any other state agency that administers a grant or allocation of federal funds to a school district, as defined, to allow an indirect cost rate, as defined, that is not less than the indirect cost rate established by the ~~state board~~ *department* for each school district, unless *federal law requires* a lower indirect cost rate ~~is required by federal law for school districts receiving federal funds~~. The bill would impose similar requirements on the ~~state board~~ *department* with respect to grants or allocations of state funds.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 12000 of the Education Code is amended  
2 to read:

3 12000. (a) If, by any act of Congress, funds are provided as  
4 federal aid to education to the several states and the disposition of  
5 the funds is not otherwise provided for by or under the act of  
6 Congress or by or under any law of this state, the apportionment  
7 and distribution of those funds to school districts shall, insofar as  
8 consistent with the requirements prescribed by the federal law and  
9 implementing rules and regulations, be governed by the standards  
10 set forth in this article.

11 (b) If a federal law designates a state educational agency or  
12 other agency or officer primarily responsible for state supervision  
13 of public schools, that designation shall be deemed to refer to the  
14 state board. The state board shall make timely application for any  
15 federal funds made available, and shall, pursuant to the federal  
16 law and this article, direct the allocation and apportionment of the  
17 federal funds to school districts.

18 (c) ~~Notwithstanding any other law, the state board, The~~  
19 ~~department~~ and any other state agency that administers a grant or  
20 allocation of federal funds to a school district, shall allow an  
21 indirect cost rate, as that term is defined in Section ~~33038~~ 33329,  
22 that is not less than the indirect cost rate established by the ~~state~~  
23 ~~board~~ department for each school district, unless federal law  
24 requires a lower indirect cost rate ~~is required by federal law for~~  
25 ~~school districts that receive federal funds.~~

26 (d) For purposes of this section and Section 12001, “school  
27 districts” include school districts, county offices of education, and  
28 other educational agencies or entities deemed eligible pursuant to  
29 state and federal law.

30 SEC. 2. Section ~~33038~~ 33329 is added to the Education Code,  
31 to read:

32 ~~33038.~~

33 33329. (a) ~~Notwithstanding any other law, the state board,~~  
34 ~~The department~~ or any other state agency that administers a grant  
35 or allocation of state funds to a school district, shall allow an  
36 indirect cost rate that is not less than the indirect cost rate  
37 established by the ~~state board for each school district, unless a~~  
38 ~~lower indirect rate is required by law~~ department.

1 (b) As used in this section:

2 (1) “Direct cost” means a cost that provides measurable, direct  
3 benefits to a particular program of an agency. Direct costs of a  
4 local educational agency include, but are not necessarily limited  
5 to, salaries and benefits of teachers and instructional aides, costs  
6 for purchasing textbooks and instructional supplies, and costs for  
7 providing pupils with counseling, health services, and  
8 transportation.

9 (2) “Indirect cost” means the agency-wide, general management  
10 cost of the activities for the direction and control of the agency as  
11 a whole. Indirect costs include, but are not necessarily limited to,  
12 administrative activities necessary for the general operation of the  
13 agency, such as accounting, budgeting, payroll preparation,  
14 personnel services, purchasing, and centralized data processing.

15 (3) “Indirect cost rate” means ~~the ratio of an agency’s indirect~~  
16 ~~costs to its direct costs~~ *indirect cost rate established by the*  
17 *department for each school district.*