

Assembly Bill No. 2435

CHAPTER 587

An act to amend, repeal, and add Section 12000 of, and to add and repeal Section 33338 of, the Education Code, relating to education finance.

[Approved by Governor September 26, 2012. Filed with Secretary of State September 26, 2012.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2435, 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, until January 1, 2016, the 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 department for each school district, unless federal law requires a lower indirect cost rate for school districts receiving federal funds. The bill would impose similar requirements on the department with respect to grants or allocations of state funds.

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

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

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

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

(c) The department and any other state agency that administers a grant or allocation of federal funds to a school district, shall allow an indirect cost

rate, as that term is defined in Section 33329, that is not less than the indirect cost rate established by the department for each school district, unless federal law requires a lower indirect cost rate for school districts that receive federal funds.

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

(e) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 2. Section 12000 is added to the Education Code, to read:

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

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

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

(d) This section shall become operative on January 1, 2016.

SEC. 3. Section 33338 is added to the Education Code, to read:

33338. (a) The department or any other state agency that administers a grant or allocation of state funds to a school district shall allow an indirect cost rate that is not less than the indirect cost rate established by the department, unless a lower rate is required by law.

(b) As used in this section:

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

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

(3) “Indirect cost rate” means the indirect cost rate established by the department for each school district.

(4) “School district” has the same meaning as defined in subdivision (d) of Section 12000.

(c) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.