

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1064**

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**Introduced by Assembly Member ~~Roger Hernández~~  
*Roger Hernández***

February 26, 2015

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

LEGISLATIVE COUNSEL'S DIGEST

AB 1064, as amended, ~~Roger Hernández~~ *Roger Hernández*. Education finance: indirect cost rates.

Existing law ~~requires~~ *requires, until January 1, 2016*, the State Department of Education or any other state agency that administers a grant or allocation of *federal or* state funds to a school district to 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.

This bill would ~~make a nonsubstantive change to that provision. delete the January 1, 2016, repeal date for those provisions, thus extending their operation indefinitely.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-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, as amended*
- 2 *by Section 1 of Chapter 587 of the Statutes of 2012, is amended*
- 3 *to read:*

1 12000. (a) If, by any act of Congress, funds are provided as  
 2 federal aid to education to the several states and the disposition of  
 3 the funds is not otherwise provided for by or under the act of  
 4 Congress or by or under any law of this state, the apportionment  
 5 and distribution of those funds to school districts shall, insofar as  
 6 consistent with the requirements prescribed by the federal law and  
 7 implementing rules and regulations, be governed by the standards  
 8 set forth in this article.

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

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

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

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

29 *SEC. 2. Section 12000 of the Education Code, as added by*  
 30 *Section 2 of Chapter 587 of the Statutes of 2012, is repealed.*

31 ~~12000. (a) If, by any act of Congress, funds are provided as~~  
 32 ~~federal aid to education to the several states and the disposition of~~  
 33 ~~the funds is not otherwise provided for by or under the act of~~  
 34 ~~Congress or by or under any law of this state, the apportionment~~  
 35 ~~and distribution of those funds to school districts shall, insofar as~~  
 36 ~~consistent with the requirements prescribed by the federal law and~~  
 37 ~~implementing rules and regulations, be governed by the standards~~  
 38 ~~set forth in this article.~~

39 ~~(b) If a federal law designates a state educational agency or~~  
 40 ~~other agency or officer primarily responsible for state supervision~~

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2 state board. The state board shall make timely application for any  
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5 federal funds to school districts.

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

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

11 SECTION 1.

12 SEC. 3. Section 33338 of the Education Code is amended to  
13 read:

14 33338. (a) The department or any other state agency that  
15 administers a grant or allocation of state funds to a school district  
16 shall allow an indirect cost rate that is not less than the indirect  
17 cost rate established by the department, unless a lower rate is  
18 required by law.

19 (b) For purposes of this section, the following terms have the  
20 following meanings:

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

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

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

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

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

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