

**Assembly Bill No. 1064**

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Passed the Assembly September 1, 2015

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*Chief Clerk of the Assembly*

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Passed the Senate August 31, 2015

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2015, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

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, Roger Hernández. Education finance: indirect cost rates.

Existing law 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 delete the January 1, 2016, repeal date for those provisions, thus extending their operation indefinitely.

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

SECTION 1. Section 12000 of the Education Code, as amended by Section 1 of Chapter 587 of the Statutes of 2012, 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 33338, 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.

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 Section 12000 of the Education Code, as added by Section 2 of Chapter 587 of the Statutes of 2012, is repealed.

SEC. 3. Section 33338 of the Education Code is amended 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) For purposes of this section, the following terms have the following meanings:

(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.

Approved \_\_\_\_\_, 2015

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*Governor*