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An act to amend Sections 11270, 11270.1, 11274, 11275, 13332.02, and 13332.03 of, and to repeal Sections 11276 and 11277 of, the Government Code, relating to state government.



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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 11270 of the Government Code is amended to read:

11270. As used in this article, “administrative costs” means the amounts expended by the Legislature, the Legislative Counsel Bureau, the Governor’s Office, the Department of Technology, the Office of Planning and Research, the Department of Justice, the State Controller’s Office, the State Treasurer’s Office, the State Personnel Board, the Department of Finance, the Department of Financial Information System for California, the Office of Administrative Law, the Department of Human Resources, the Secretary of California Health and Human Services, the California State Auditor’s Office, and the California State Library, and a proration of any other cost to or expense of the state for services or facilities provided for the Legislature and the above agencies, for supervision or administration of the state government or for services to other state agencies.

SEC. 2. Section 11270.1 of the Government Code is amended to read:

11270.1. (a) The Central Service Cost Recovery Fund is hereby created in the State Treasury. The Central Service Cost Recovery Fund shall consist of those amounts transferred in accordance with Section 11274, and any interest earnings. Money in the Central Service Cost Recovery Fund shall be appropriated for the administration of the state government, as determined or redetermined by the ~~Director~~ Department of Finance in accordance with this article and Sections 13332.02 and 13332.03.

(b) Unless otherwise authorized by law, moneys in the Central Service Cost Recovery Fund, to the extent not currently required to fund any appropriation, shall not be used, loaned, borrowed, assessed, allocated, or transferred unless approved by



the ~~Director~~ Department of Finance, except for cashflow borrowing by the General Fund pursuant to Section 16310. The Controller shall transfer the unexpended balance of those moneys in the Central Service Cost Recovery Fund to the General Fund as determined or redetermined by the ~~Director~~ Department of Finance.

SEC. 3. Section 11274 of the Government Code is amended to read:

11274. ~~(a) Notwithstanding any other law, the Department of Finance may allocate and charge a fair share of the administrative costs to all funds directly. The Department of Finance shall certify annually to the Controller the amount determined to be the fair share of administrative costs due and payable from each state agency and shall certify forthwith to the Controller any amount redetermined to be the fair share of administrative costs due and payable from any state agency. The Controller shall forthwith transmit to each state agency from which administrative costs have been determined or redetermined to be due, a statement in writing setting forth the amount of the administrative costs due from the state agency, and stating that, unless a written request to defer payment thereof is filed by the state agency with the Controller within 30 days after the mailing of the statement by the Controller to the state agency, fund. The Department of Finance, at any time during the year, may direct the Controller to advance a reasonable amount for administrative costs from a fund designated in accordance with Section 11271. Upon order of the Department of Finance of the timing and the amounts to be transferred, the Controller will shall transfer the amount of the administrative costs from the special fund or and nongovernmental cost funds chargeable therewith to the Central Service Cost Recovery Fund or the General Fund, in accordance with subdivision (b). The Controller shall specify on the statement the special fund~~



~~appropriations to be charged at the time transfers are made covering the administrative costs:~~

~~(b) The Controller shall transfer one-fourth of the amount determined or redetermined, in accordance with subdivision (a), on August 15, November 15, February 15, and May 15 of each fiscal year, unless revised by the Department of Finance. The transfers made pursuant to this section and Section 13332.03 shall first be made to the Central Service Cost Recovery Fund until the total amount transferred equals the sum of the total amount determined or redetermined in accordance with subdivision (a) and the total amount to be recovered from the federal government pursuant to Section 13332.02 as determined by the Department of Finance. All subsequent transfers for that fiscal year shall then be made to the General Fund.~~

SEC. 4. Section 11275 of the Government Code is amended to read:

~~11275. If, upon receipt of the statement provided in Section 11274, the state agency does not have funds available by law In the event a fund has an insufficient fund balance for the payment of the administrative costs, or if it has any other reason why the payment of those costs should not be made at the time specified on the statement, the state agency shall, prior to the expiration of the 30-day period referred to in the statement, file with the Controller, in duplicate, a written request to defer payment of those administrative costs, which request shall set forth the reasons why that payment should be deferred. Upon receipt of any request filed because of lack of availability of funds, the Controller shall forthwith transmit one copy of that request to the Department of Finance and shall defer action to effect the transfer of funds covering the administrative costs referred to in the request until the transfer has been~~



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~~approved by the Director of Finance. The Department of Finance shall notify the Controller of the approval of the deferral request. Upon receipt of any request filed because of any reason other than lack of availability of funds, the Controller shall forthwith transmit one copy of that request to the California Victim Compensation and Government Claims Board and shall defer action to effect the transfer of funds until that transfer has been approved by the California Victim Compensation and Government Claims Board. the Controller shall request that the Department of Finance provide direction on effecting the transfer and its timing.~~

SEC. 5. Section 11276 of the Government Code is repealed.

~~11276. The Department of Finance may certify at any time during the year to the Controller any amount as it determines, based upon experience of the preceding year, to be a reasonable advance for administrative costs to be made from the appropriation of each state agency supported from a fund, designated in accordance with Section 11271. The Controller shall forthwith transmit to each of these state agencies a statement in writing setting forth the amount of the advance and stating that unless a written request to defer payment thereof because of lack of availability of funds is filed by the state agency with the Department of Finance within 30 days after the mailing of the statement by the Controller to the state agency, the Controller will transfer the amount of the advance from the special fund or funds concerned to the Central Service Cost Recovery Fund or the General Fund in accordance with subdivision (b) of Section 11274. The Controller shall specify on the statement the special fund appropriation to be charged.~~

SEC. 6. Section 11277 of the Government Code is repealed.



~~11277. If, upon receipt of the statement provided in Section 11276, the state agency does not have funds available by law for the payment of the advance, the state agency shall, prior to the expiration of the 30-day period referred to in that statement, file with the Controller, in duplicate, a written request to defer payment of the advance. Upon receipt of such a request, the Controller shall forthwith transmit one copy of that request to the Department of Finance and shall defer action to effect the transfer of funds covering the advance referred to in the request until the transfer has been approved by the Director of Finance. Any advance made under this article shall be applied against the state agency's fair share of administrative costs determined or redetermined as provided in Section 11274 and Section 11275. If the amount advanced exceeds the state agency's fair share of administrative costs, the Controller shall transfer from the Central Service Cost Recovery Fund or the General Fund, as applicable, to the special fund appropriation the excess amount advanced as directed by the Department of Finance.~~

SEC. 7. Section 13332.02 of the Government Code is amended to read:

13332.02. All funds recovered from the federal government to offset statewide indirect costs shall be transferred to the Central Service Cost Recovery Fund or to the unappropriated surplus of the General Fund in a manner prescribed by the Department of Finance, unless expenditure of the funds is authorized by the Department of Finance. No authorization may become effective sooner than 30 days after notification in writing of the necessity therefor to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget



Committee, or his or her designee, may in each instance determine. If in the judgment of the Director of Finance, a state agency has not transferred the funds on a timely basis, ~~the director~~ Department of Finance may certify to the Controller the amount that the agency should have transferred to the Central Service Cost Recovery Fund or the General Fund, and the Controller shall transfer the funds to the Central Service Cost Recovery Fund or the General Fund.

SEC. 8. Section 13332.03 of the Government Code is amended to read:

13332.03. Whenever an appropriation has not been made to provide for recovery of general administrative costs pursuant to Article 2 (commencing with Section 11270) of Chapter 3 of Part 1, a sufficient sum for that purpose shall be transferred from each affected fund by the Controller to the Central Service Cost Recovery Fund or the ~~unappropriated surplus of the~~ General Fund in accordance with ~~subdivision (b) of~~ Section 11274. The Controller shall make transfers pursuant to this section only upon order of the ~~Director~~ Department of Finance.



## LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, \_\_\_\_\_.

General Subject: State government: administrative costs.

Existing law creates the Central Service Cost Recovery Fund, and provides for the deposit into that fund of amounts equal to the fair share of administrative costs due and payable from state agencies, and directs that moneys in the Central Service Cost Recovery Fund be appropriated for the administration of the state government, as determined by the Director of Finance. Existing law requires the Department of Finance to certify annually to the Controller the amount determined to be the fair share of administrative costs due and payable from each state agency, and requires the Controller to transmit to each state agency from which administrative costs have been determined or redetermined to be due, a statement in writing setting forth the amount of the administrative costs due from the state agency and stating that, unless a written request to determine the payment is filed by the state agency, the Controller will transfer the amount of the administrative costs, or advance for administrative costs, from the special



fund or funds charged to the Central Service Cost Recovery Fund or the General Fund, as specified. Existing law requires the Controller to transfer  $\frac{1}{4}$  the amount determined on August 15, November 15, February 15, and May 15 of each fiscal year, as specified.

This bill would instead authorize the Department of Finance to allocate and charge a fair share of the administrative costs to all funds directly, and would require the department to certify to the Controller the amount determined to be the fair share of the administrative costs due and payable from each fund. This bill would eliminate the requirement that the Controller forward the determination of administrative costs to each state agency, and would require the Controller, upon order of the department, to transfer the amount of administrative costs, or advance for administrative costs, from special and nongovernmental cost funds to the Central Service Cost Recovery Fund or the General Fund. The bill would additionally authorize the Department of Finance to direct the Controller to advance a reasonable amount for administrative costs from a fund at any time during the year, as specified.

Existing law requires a state agency if, upon receipt of the statement by the Controller, the state agency does not have funds available for the payment of the administrative costs, to notify the Controller and provide a written request to defer payment of those administrative costs, as specified.

This bill would instead require the Controller to notify the Department of Finance if a fund has an insufficient balance for the payment of the administrative costs, for direction by the department on affecting the transfer and its timing, and would make conforming changes.



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



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