

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

June 25, 2024

FROM

JACQUELYN GREENE, Director, Preschool Services Department

MATTHEW ERICKSON, County Chief Financial Officer, County Administrative Office

SUBJECT

General Fund Loan for California State Preschool and General Child Care and Development Program Expenses

RECOMMENDATION(S)

Authorize a \$3,572,418 loan from the County General Fund to the Preschool Services Department to provide temporary funding of expenses for the California State Preschool Program and General Child Care and Development Program, pending reimbursement from the California Department of Education and California Department of Social Services, for the period of July 1, 2024 through December 31, 2024.

(Presenter: Arlene Molina, Assistant Director, 383-2078)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Provide for the Safety, Health and Social Service Needs of County Residents.

FINANCIAL IMPACT

This item impacts Discretionary General Funding (Net County Cost). The County General Fund's (General Fund) unreserved fund balance will decrease by the amount of the loan; these funds will not be available in the General Fund for appropriation until repaid. Preschool Services Department (PSD) will repay the \$3,572,418 loan, plus interest, to the General Fund no later than December 31, 2024. The interest amount will be based on the County Treasurer's Investment Pool rate and validated by the Auditor-Controller/Treasurer/Tax Collector (ATC). The loan interest is an allowable expense for the California State Preschool Program (CSPP) and the General Child Care and Development Program (CCTR) funded by the California Department of Education and the California Department of Social Services (collectively, State).

BACKGROUND INFORMATION

PSD operates the Federally funded HS, EHS, and EHS-CCP programs in locations throughout San Bernardino County. Since 1999, PSD has operated these programs through a combination of direct and contracted services. The programs provide education, health, cognitive, social/emotional, physical growth and development, and parent involvement services for children ages 0 to 5 with the overall goal of increasing the school readiness of young children in economically disadvantaged families. CSPP is a combination of State Preschool, Pre-Kindergarten, Family Literacy, and General Child and Development center-based programs which also began in 1999. The program includes both part-day and full-day options that provide a core class curriculum that is developmentally and culturally appropriate for the children

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served. The program also provides parent education, referrals to health and social services for families, and staff development opportunities to employees.

CCTR which began in 2024 is a full day/full year program designed to provide an environment that is healthy and nurturing that serves children zero to three years old. CSPP and CCTR services are provided to eligible children whose parents are working, attending school, or enrolled in job-training programs, and families referred by child protective services. PSD provides CSPP and CCTR services to approximately 991 children and their families in the central valley, high desert, and low desert.

Revenue is received as reimbursements from the State after services have been rendered. Historically, the State has issued partial reimbursements on an inconsistent basis, which creates an insufficient cash flow to cover expenses. As a result, PSD has requested an annual loan from the General Fund, to ensure adequate funding for CSPP and CCTR expenses. Establishing the loan aids in maintaining federal compliance and allows PSD to pay for expenses incurred until reimbursements are received from the State.

On an annual basis, PSD completes an assessment of CSPP and CCTR revenue and then obtains Board of Supervisors' (Board) approval to utilize General Funding to provide necessary temporary funding, pending reimbursement from the State. The previous year's loan, approved by the Board on June 27, 2023 (Item No. 72), was in the amount of \$1,812,349, for the period of July 1, 2023, through December 31, 2023. PSD repaid this loan, plus interest of \$23,368 (total of \$1,835,717), on December 28, 2023.

The temporary funding requirement for 2024-25 was calculated to be \$3,572,418 upon PSD's completion of a cash flow analysis. This loan amount will fund operations for approximately six months pending receipt of State funding for the CSPP and CCTR programs. This is the first full year PSD will receive CCTR funding which will be used to add six regular positions which were approved by the Board on May 21, 2024 (Item No. 49).

Based on the State's reimbursement schedule, PSD will continue to complete a cash flow analysis at the beginning of the fourth quarter of each fiscal year, and if necessary, request Board authorization for a loan from the General Fund. The loan will provide temporary funding for CSPP and CCTR expenses pending State reimbursement and to meet the federal grants regulations for approximately six months.

PROCUREMENT

N/A

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Adam Ebright, Deputy County Counsel, 387-5455) on May 20, 2024; Auditor-Controller/Treasurer/Tax Collector (Charlene Huang, Auditor Controller Manager, 382-7022) on May 22, 2024; Finance (Paul Garcia, Administrative Analyst, 386-8392) on June 5, 2024; and County Finance and Administration (Robert Saldana, Deputy Executive Officer, 387-5423 and Cheryl Adams, Deputy Executive Officer, 388-0238) on June 10, 2024.

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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Joe Baca, Jr.
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY  _____
DATED: June 25, 2024



cc: File - Preschool Services Department
CCM 07/11/2024