

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

August 19, 2025

FROM

ARLENE MOLINA, Director, Preschool Services Department

MATTHEW ERICKSON, County Chief Financial Officer, County Administrative Office

SUBJECT

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

RECOMMENDATION(S)

Authorize a \$2,000,000 loan from the County General Fund to the Preschool Services Department to provide temporary funding of expenses for the California State Preschool and General Child Care Programs, pending reimbursement from the California Department of Education and California Department of Social Services, for the period of August 19, 2025, through December 31, 2025.

(Presenter: Arlene Molina, 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 unreserved fund balance will decrease by the amount of the loan; these funds will not be available until repaid. The Preschool Services Department (PSD) will repay the total of \$2,000,000 loan, plus interest, to the General Fund no later than December 31, 2025. The interest amount will be calculated 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 Program (CCTR), funded by the California Department of Education (State) and the California Department of Social Services.

BACKGROUND INFORMATION

CSPP is a combination of State Preschool, Pre-Kindergarten, Family Literacy, and General Child and Development center-based programs. CCTR offers center-based early care and education services for children from birth through age 12, as well as for older children with exceptional needs. These programs include both part-day and full-day options that provide a core class curriculum that is developmentally and culturally appropriate for the children served. The programs also provide parent education, referrals to health and social services for families, and staff development opportunities for employees. 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

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August 19, 2025**

services to approximately 991 children and their families in the Central Valley, and high 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, since 2013, 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 revenue and then obtains the Board of Supervisors' (Board) approval to utilize Discretionary General Funding to provide temporary funding needed, pending reimbursement from the State. The previous year's loan, authorized by the Board on June 25, 2024 (Item No. 68), was in the amount of \$3,572,418, for the period of July 1, 2024, through December 31, 2024. PSD repaid this loan, plus interest in the amount of \$58,768, on December 31, 2024.

The current loan request for temporary funding for 2025-26 was calculated to be \$2,000,000 upon PSD's completion of a cash-flow analysis. This loan amount will fund operations for three months while waiting for State funding for the CSPP programs. PSD has received a payment of \$1,989,000 from the State in July 2025, which covers approximately two months of expenditures. Upon approval by the Board, ATC will record the General Fund loan and execute a cash transfer of \$2,000,000 to PSD. PSD will repay the total \$2,000,000 loan, plus interest, to the General Fund no later than December 31, 2025.

It is expected that PSD will continue to complete a cash-flow analysis for each future fiscal year based on the State's reimbursement schedule, and if necessary, request Board authorization for a loan from the County's General Fund. The loan will provide temporary funding for CSPP expenses pending State reimbursement and to meet the federal grants regulations for a predetermined period. Per Title 2 of the Code of Federal Regulations Part 200, Subpart D, agencies must ensure federal funds have been used according to the Federal Statutes, regulations, and the terms and conditions of the Federal award.

PROCUREMENT

N/A

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Adam Ebright, Deputy County Counsel, 387-5455) on June 26, 2025; Auditor-Controller/Treasurer/Tax Collector (Charlene Huang, Auditor Controller Manager, 382-7022) on July 1, 2025; and County Finance and Administration (Allegra Pajot, Administrative Analyst, 388-0218) on July 1, 2025.

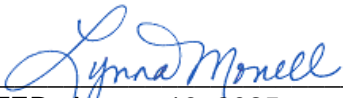
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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: August 19, 2025



cc: File - Preschool Services Department
MBA 08/20/2025