



San Bernardino County

Legislation Text

File #: 4043, Agenda Item #: 41

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

May 4, 2021

FROM

PHALOS HAIRE, Director, Preschool Services Department

MATTHEW ERICKSON, County Chief Financial Officer, County Administrative Office

SUBJECT

General Fund Loan for California State Preschool Program Expenses

RECOMMENDATION(S)

Authorize a \$1,000,000 loan from the County General Fund to the Preschool Services Department to provide temporary funding of expenses for the California State Preschool Program pending reimbursement from the California Department of Education, for the period of July 1, 2021 through December 31, 2021.

(Presenter: Phalos Haire, Director, 383-2005)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

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

FINANCIAL IMPACT

This item does impact Discretionary General Funding (Net County Cost). The County General Fund's unreserved fund balance will decrease by the amount of the loan, and these funds will not be available in the County General Fund for appropriation until repaid. The Preschool Services Department (PSD) will repay the total \$1,000,000 loan plus interest to the County General Fund no later than December 2021. 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 amount is an allowable expense for the California State Preschool Program (CSPP) funded through the California Department of Education (State).

BACKGROUND INFORMATION

CSPP 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 CSPP expenses. As a result, PSD requests an annual loan from the County General Fund to ensure adequate funding for CSPP expenses. Establishing the loan aids in maintaining federal compliance and allows PSD to pay for CSPP expenses incurred until reimbursements are received from the State.

CSPP is a combination of State Preschool, Pre-Kindergarten and Family Literacy, and General Child Care center-based programs. The program includes both part-day and full-day services that provide a core class curriculum that is developmentally and culturally appropriate for the children served. The program also provides parent education, referrals to health and social services for families, and staff development opportunities to employees. CSPP services are provided to eligible children whose parents are working,

attending school or enrolled in a job-training program, and families involved with Child Protective Services. PSD will provide CSPP services to approximately 800 children and their families in Adelanto, Apple Valley, Baker, Barstow, Fontana, Grand Terrace, Hesperia, Needles, Ontario, Rialto, San Bernardino, Twentynine Palms, Victorville, and Yucca Valley.

On May 19, 2020 (Item No. 57), the Board of Supervisors (Board) approved a \$1,000,000 loan from the County General Fund to provide temporary funding for CSPP pending reimbursement from the State, for the period of July 1, 2020 through December 31, 2020. PSD repaid this loan plus interest of \$5,893.79 on December 21, 2020.

PSD completed a cash flow analysis and determined that starting July 1, 2021, insufficient CSPP revenue will be received from the State to cover CSPP operating expenses. Based on the cash flow analysis, PSD approached the County Administrative Office requesting the ability to borrow funds during the periods when CSPP revenues are not adequate to cover expenses.

Upon approval by the Board, ATC will record the General Fund loan and execute a cash transfer of \$1,000,000 to PSD. PSD will repay the total \$1,000,000 loan plus interest to the County General Fund no later than December 2021.

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 County 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 of time. Per Title 2 of the Code of Federal Regulations Part 200, Subpart D, agencies must ensure that 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 April 14, 2021; Auditor-Controller/Treasurer/Tax Collector (Vanessa Doyle, Chief Deputy Controller, 382-3195) on April 1, 2021; Finance (Amanda Trussell, Principal Administrative Analyst, 387-4773 and Paul Garcia, Administrative Analyst, 386-8392) on April 13, 2021; and County Finance and Administration (Robert Saldana, Deputy Executive Officer, 387-4342 and Tanya Bratton, Deputy Executive Officer, 388-0332) on April 14, 2021.