



# San Bernardino County

## Legislation Text

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**File #: 6170, Agenda Item #: 40**

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

**June 14, 2022**

#### **FROM**

**JACQUELYN GREENE, 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, 2022 through December 31, 2022.

(Presenter: Jacquelyn Greene, 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; these funds will not be available in the County General Fund for appropriation until repaid. The Preschool Services Department (PSD) will repay the total of \$1,000,000 loan plus interest to the County General Fund no later than December 2022. 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) funded by 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 has requested an annual loan from the County General Fund, since 2013, 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 provides 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 an annual basis, PSD completes an assessment of CSPP revenue and then obtains Board of Supervisors' (Board) approval to utilize County General Funding to provide the temporary funding needed pending reimbursement from the State. The previous year's loan (May 4, 2021, Item No. 41) was in the amount of \$1,000,000, for the period of July 1, 2021 through December 31, 2021. PSD repaid this loan, plus interest of \$2,561.31, on November 15, 2021.

The loan request for temporary funding in 2022 was calculated to be \$1,000,000 upon PSD's completion of a cash flow analysis. Starting July 1, 2022, it was determined that insufficient CSPP revenue will be received from the State to cover CSPP operating 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 2022.

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 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 May 5, 2022; Auditor-Controller/Treasurer/Tax Collector (Vanessa Doyle, Chief Deputy Controller, 382-3195) on April 28, 2022; Finance (Amanda Trussell, Administrative Analyst, 387-5423 and Paul Garcia, Administrative Analyst, 386-8392) on May 11, 2022; and County Finance and Administration (Diana Atkeson, Deputy Executive Officer, 387-5423 and Cheryl Adams, Deputy Executive Officer, 388-0238) on May 11, 2022.