

**COUNTY OF SONOMA
AGENDA ITEM
SUMMARY REPORT**

Clerk of the Board Use Only

Meeting Date Held Until
 ___/___/___ ___/___/___

Agenda Item No: Agenda Item No:

Department: Health Services

() **4/5 Vote Required**

Contact:
Rita Scardaci

Phone:
(707) 565-4700

Board Date:
7/14/09

Deadline for Board Action:

AGENDA SHORT TITLE: Children and Families Commission Emergency Bridge Loan Program

REQUESTED BOARD ACTION:

Authorize the Director of Health Services to take actions as necessary to provide emergency loans to qualified child care agencies, within approved budget authority (\$1,500,000), and accept promissory note payments.

CURRENT FISCAL YEAR FINANCIAL IMPACT

EXPENDITURES

ADD'L FUNDS REQUIRING BOARD APPROVAL

Estimated Cost \$ 0

Contingencies
(Fund Name:)

Amount Budgeted

Unanticipated Revenue
(Source:)

Other Avail Approp
(Explain below)

Other Transfer(s)
(Source:)

Additional Requested: \$ 0

Add'l Funds Requested: \$ 0

Explanation (if required): Funds will be paid out of the Children and Families Special Revenue Fund.

Prior Board Action(s): 8/12/08 – Approved \$1.5 million Bridge Loan Program for FY 08-09.

Alternatives – Results of Non-Approval: Local child care capacity may be reduced if providers go out of business due to loss of state child care provider subsidies.

BACKGROUND:

The action requested in this agenda item is consistent with the goals and objectives approved in the April 2000 Sonoma County Children and Families Commission’s (the Commission) Strategic Plan.

In recent years the passage of the state budget has been delayed for periods of a few weeks to a few months. Passage of the FY 09-10 budget has been delayed as the legislature struggles to resolve a projected budget deficit of over \$24 billion dollars. This delay could mean an extended period without state funding for agencies and organizations providing state-subsidized child care and early learning programs for Sonoma County children. A prolonged delay in state subsidies may force some subsidized care providers to leave the field or seek a more stable source of income, thus decreasing the already insufficient supply of quality child care services in the county.

In August 2008, the Board of Supervisors approved a Bridge Loan Program funded by the Commission to assure continuity of care for children in state-funded child development programs. The program provided interest-free loans to specified state-funded organizations administering state-subsidized child development services when state payment is delayed due to unusually late budget adoption.

Four organizations requested a total of \$1,324,390, but only one loan of \$163,240 to River to Coast Children’s Services had been distributed by the time the state budget passed and funding was released. That loan was repaid immediately.

On May 27, 2009, the Commission voted to again offer a Bridge Loan Program to support state-funded organizations vulnerable to state budget delay. The Commission’s ongoing support of the Program providing loans to child development organizations assures the financial stability necessary for continuity of care for Sonoma County children.

Loan Approval Criteria

Loan applicants must provide confirmation that they will receive funding from the California Department of Education once the state budget is passed, demonstrate that they have exhausted reserves and credit lines, and commit to repayment of the loan within 15 days of receipt of state money. County Counsel has participated in Commission meetings for discussion of this topic and review of loan criteria.

Requiring prompt repayment of the loans will assure that Commission funds will not supplant state payments. The bridge loan program will further the Commission’s strategic plan goal of assuring that families have access to high quality, dependable, stable, and affordable child care.

The Commission and Department accounting staff have all the necessary mechanisms and processes in place to implement, track, and recover funds as described above.

Attachments: Policy on Emergency Bridge Loans to Maintain State-Subsidized Child Development Services; Emergency Funding Application for Subsidized Child Development Service Providers; Subsidized Child Development Service Provider’s Emergency Funding Request and Promissory Note.

On File With Clerk: None.

CLERK OF THE BOARD USE ONLY

Board Action (If other than "Requested")

Vote:

BACKGROUND: (continued)

FISCAL IMPACT:

Funds of up to \$1.5 million will be made available from the Children and Families Commission's Dedicated Fund for bridge loans. Loans will be repaid within fifteen days of receipt of funds from the California Department of Education, or by June 30, 2010, whichever occurs first. The Commission has been apprised that the Department accounting staff estimate potential loss of up to \$5,000 in interest earnings based on an average loan period of approximately three months.

All funding is provided from the Sonoma County Children and Families Special Revenue Fund. There is no contribution from Realignment or the General Fund.