Supplantation Policy

**Purpose**

California Revenue and Tax Code section 30131.4 provides, in part, that Children and Families Act program funds generated through tobacco tax revenue shall be used only for new services or to supplement existing levels of service. It further provides that such funds shall not be used to fund existing programs or to supplant state or local general fund money for any purpose.

The prohibition on supplantation was intended to prevent state and local governments from shifting fiscal responsibility for ongoing public programs to the state and local Commissions.

The purpose of the policy is to assure compliance with the Children and Families Act, approved by the voters as Proposition 10 in 1998. The policy is also to provide the criteria to be used in determining and applying the supplantation prohibition requirement for the First 5 San Bernardino program.

**Definitions**

**Existing** – A service that is in effect or operation at the time a proposal or an agreement is acted upon by the Commission, or at any time within the 12-month period preceding the Commission’s action; a program will be deemed as existing unless material changes are made to the scope of work or level of service.

**Level of Service** – A scope of services being provided, including the quality and quantity of the services.

**State General Funds** – Funds that are received into the treasury of the state and not required by law to be credited to any other fund.

**Local General Funds** – Funds that are received into the treasury of the local government and not specially designated or appropriated to any other fund.

**Pilot** – Programs and/or services that are implemented on a temporary and limited basis in order to test and evaluate the effectiveness of the program, develop new techniques, or gather information.

**Supplant** – To substitute for; "to take the place of".

**Policy**

1. No Commission funds shall be used to supplant state or local General Fund money for any purpose. Commission funds shall be used only for new programs or to increase existing levels of service.

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2. No Commission funds shall be granted or used for any existing project or program funded by state or local General Funds unless the proponent demonstrates to the Commission's satisfaction that the Commission's funding will be used to improve the quality or quantity of an existing service, and not to supplant existing funding.

3. The prohibition on supplantation does not apply to federally funded, privately funded or State categorical funded programs.

4. The prohibition on supplantation is not intended to prevent, stifle or discourage agencies funded through state or local governments from establishing pilot programs, which provide valuable innovations and formation. By their very nature, pilot programs or service are new and, therefore, not prohibited from receiving funding due to the prohibition on supplantation.

Guidelines

1. Every applicant must disclose whether the program has received funding from any source (whether local, state or federal government or any private) within the past three years. In regard to any public funding, applicants also must identify the law or program under which funding was received.

2. Whenever it is disclosed that state or local government funding has been received for the program or service within the last three years, the applicant must also demonstrate to the Commission's satisfaction:
   a. that the program or service has not received state or local General Funds within the 12-month period preceding the Commission's action;
   b. that, if received, such funds have not been reduced during the 12 month period preceding the Commission's action;
   c. that the Commission's funds will be used to augment or improve the existing level or service, either in terms of quantity or quality; or
   d. that the program or service is a pilot project

3. Except that a minimum period of one (1) business day may apply whenever it is disclosed that State categorical funding has been received for the program or service within the last three years, provided that the following conditions are met:
   a. that the services to be provided are consistent with the Commission's current funding priorities;
   b. that the loss of such funding would result in a substantial reduction in service levels in an existing Commission funded program or closely related program;
   c. that the contractor is in compliance with all terms of the existing contract, if applicable; and
d. that the local government had no control over the funding that was eliminated.

The Commission will determine if an action would be a violation of this policy prior to entering into an agreement with an agency, based upon the facts as presented and existing circumstances.

The Commission may require the agency to provide additional information regarding sources and uses of funds at any time. If it is determined that a violation exists, the Commission may immediately terminate the contract or agreement, require the agency to repay all or part of any program funds previously received and charge the agency liquidating damages if applicable.