



## First 5 Inyo County Children & Families Commission

### SUPLANTATION POLICY

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#### **PURPOSE:**

The purpose of the policy is to assure compliance with Proposition 10, adopted by the voters of California in 1998. Revenue and Taxation Code Section 30131.4 provides, in part, that Proposition 10 funds shall be used only to supplement existing levels of service and not to fund existing levels of service. It further provides that no money in the Commission's trust fund shall be used 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.

This Policy represents the Commission's interpretation of anti-supplantation language in the Children and Families Act, and sets forth the criteria that must be met in order to comply with that requirement. Compliance with the terms of this policy does NOT guarantee funding.

#### **POLICY:**

##### **I. Existing Levels of Service:**

Commission funds shall be used only to supplement existing levels of service and not to fund existing levels of service. This requirement applies regardless of the source of income that funded the service (i.e. State/Local General funds, State categorical, Federal, or Grant funds).

##### **II. Supplantation of State and Local General Funds:**

No Commission funds shall be used to replace State or local general fund money for any purpose. This prohibition does not apply where a minimum of five (5) years has elapsed since the General Fund allocation has been reduced or eliminated.

##### **III. Supplantation of State Categorical, Federal or Grant Funds:**

The prohibition on supplantation does not make reference to State categorical, privately funded or federally funded programs. Therefore, Proposition 10 funds may be used to replace lost State categorical, Federal, or Grant funds subject to the following:

- **Replacement of funds shifted to a program/service serving the Proposition 10 target population:**

For the purpose of this policy, the definition of supplantation shall not include the replacement of State categorical, private or federal funds if the loss of revenue is due to funds being shifted to another program to provide increased levels of service to the Proposition 10 target population (i.e. children age 0 to 5 and their families) which are consistent with the Commission's funding priorities. Therefore those funds may be

replaced by Proposition 10 funds without regard to the amount of time that has elapsed between the loss of revenue and the allocation of Proposition 10 funds.

- **Replacement of all other State categorical, Federal, or Grant funds, including those shifted to a program/service NOT serving the Proposition 10 target population:**

Proposition 10 funds maybe used to replace these funds if the contractor is unable to provide existing levels of service without such funds, and all of the following conditions are met:

1. Services to be provided are consistent with the Commission's current funding priorities
2. The Commission has made a factual finding that the loss of such funding would result in a substantial reduction in service levels; and
3. A minimum period of one (1) year shall have elapsed between the loss of funding (and any corresponding service reduction) and the allocation of Proposition 10 funds to replace the lost revenue with the exception of the following:
  - a. A minimum period of one (1) business day shall apply to the loss of funds in an existing Commission funded program providing all of the following conditions are met:
    - 1) The contractor is in compliance with all terms of the existing contract; and
    - 2) The loss of funding would result in the elimination or significant reduction in a level of service which is considered critical to the success of the Commission funded program/project; and
    - 3) Either:
      - a) The loss of funds is due to the expiration of grant funding that can not be extended or renewed, and the loss is not the result of a change in the funder's funding philosophy; or
      - b) The loss of revenue to a funded program is due to the elimination of a State or Federal funding source over which local government has no control.

#### **DEFINITIONS:**

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 government general funds - funds that are received into the treasury of the local government and not appropriated to any other fund.

Level of service - includes both the quality and quantity of services.

Supplant - "to take the place of."

**POLICY IMPLEMENTATION:**

1. Every proposer/applicant must disclose in its proposal/application whether the program has received funding from other sources (whether local or State government, private, or Federal) within the past three years, and as to any public funding, identify the law or program under which funding was received.
2. The Commission may require the applicant to provide any additional information regarding sources and uses of funds at any time. Based upon all existing facts and circumstances, the Commission shall determine whether the proposal would violate this policy. For multi-year contracts or commitments, the Commission reserves the right to re-examine its determination that its funds will not be used in violation of this policy.
3. The Contractor shall execute a certification that it has complied with the anti-supplantation requirement stated in Section 30131.4 of the California Tax & Revenue Code. Such certification shall be executed prior to the release of Proposition 10 funds and the Contractor shall annually execute such certification as part of the fiscal audit requirement. If the Commission determines that supplantation has occurred, the Contractor shall be required to reimburse the Commission for all Proposition 10 funds that were used in violation of this Section. Use of Proposition 10 funds in violation of this Section shall be grounds for termination of the contract (see Attachment #1).

**ATTACHMENTS:**

#1 – Certification

#2 – Policy Flowchart



**FIRST 5 INYO COUNTY  
ANNUAL NON-SUPLANTATION CERTIFICATION**

**STRATEGIC GRANT :** \_\_\_\_\_

**CONTRACTOR'S NAME:** \_\_\_\_\_

**CERTIFICATION**

CONTRACTOR hereby certifies that:

(a) Any and all funds received from the First Five Inyo County Commission will be used exclusively to develop new projects, expand existing programs and/or services or to enhance existing programs and services for children who are 0-5 years of age.

(b) CONTRACTOR has not, and will not in the future, utilize such funds to supplant State or local General Fund money for any purpose.

(c) To the extent that CONTRACTOR utilizes funds received from the First Five Inyo County Commission to replace State or Federal categorical funds, CONTRACTOR can demonstrate, upon request by the Commission, that such State or Federal categorical funds have been used to increase the level of services provided to children 0-5 years of age.

(d) Any funds received by CONTRACTOR under its agreement with the Commission for prior years have been used consistent with subsections (a)-(c) of this Certification.

**NOTE:** Failure to comply with the anti-supplantation requirements stated in this Certification, the Agreement with the Commission and/or Revenue and Taxation Code Section 30131.4 shall constitute breach of any agreement with COMMISSION which shall result in termination of such agreement. If the COMMISSION determines that supplantation has occurred, CONTRACTOR shall also be required in accordance with the terms of the Agreement with the COMMISSION to reimburse the COMMISSION for all funds that were used in violation of this Certification, the Agreement with the Commission and/or Revenue and Taxation Code Section 30131.4.

\_\_\_\_\_  
Contractor's Signature

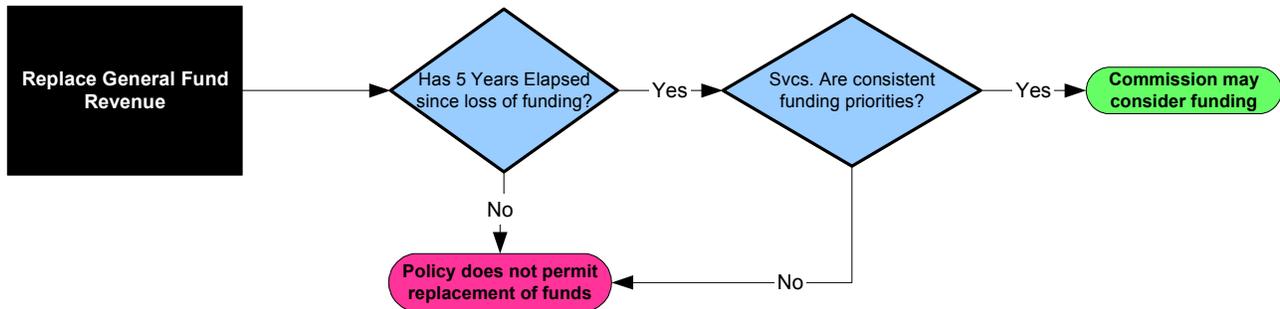
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Date

\_\_\_\_\_  
Printed Name



# Supplantation Policy

## Replacing of State or Local General Fund Money



## Replacing of State Categorical, Federal, or Grant Funds

