

<h1>ACF</h1> <p>Administration for Children And Families</p>	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Administration on Children, Youth and Families	
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**To** Tribal Lead Agencies administering child care programs under the Child Care and Development Block Grant (CCDBG) Act of 1990 as amended, and other interested parties.

**References** Section 658O(c)(6) of the Child Care and Development Block Grant Act of 1990 (CCDBG Act) as amended. 45 CFR 98.2, 98.83(g), and 98.84. ACYF-PIQ-CC-99-01.

**Subject** Procedures for Requests to Use CCDF Funds for Construction or Major Renovation of Child Care Facilities

**Background** The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193) amended the CCDBG Act to allow Tribal Lead Agencies to use CCDF funds for construction or renovation of child care facilities. A Tribal Lead Agency must first request and receive approval from the Administration for Children and Families (ACF) before using CCDF funds for construction or major renovation. Under the law, ACF must develop and implement uniform procedures for the solicitation and consideration of requests. This Program Instruction contains the uniform procedures.

This Program Instruction supersedes ACYF-CC-PI-97-05 (issued August 18, 1997) and ACYF-PI-CC-97-06 (issued November 4, 1997). The revised procedures contained in this new Program Instruction update and clarify the construction and renovation procedures by:

- reflecting final CCDF regulations issued July 24, 1998 and other recent policy documents;
- ensuring consistency with Head Start requirements, where appropriate, to promote Head Start/child care collaboration;
- streamlining the application process by reducing the number of application items;
- clarifying some requirements by making them more specific;
- including new attachments on the National Environmental Policy Act

- (Attachment B) and the National Historic Preservation Act (Attachment C)—information that was previously contained in a separate program instruction (ACYF-PI-CC-97-06);
- updating guidance on the National Environmental Policy Act to reflect new procedures issued by the Department of Health and Human Services;
- updating guidance on the National Historic Preservation Act to reflect new regulations issued by the Advisory Council on Historic Preservation; and
- including a new attachment that summarizes the documents (with deadlines) that need to be submitted to the ACF Regional Office (Attachment E).

Effective Date These revised procedures apply to construction and renovation applications submitted after the date of issuance of this Program Instruction.

Questions Direct all inquiries to the appropriate ACF Regional Administrator listed at Attachment F.

/s/

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James A. Harrell  
Acting Commissioner  
Administration on Children, Youth  
and Families

Attachments:

- A – Procedures for Requests to Use CCDF Funds for Construction or Major Renovation
- B – Compliance with the National Environmental Policy Act
- C – Compliance with the National Historic Preservation Act
- D – Application Checklist
- E – Documents and Deadlines
- F – ACF Regional Administrators

**Attachment A**

**Procedures for Requests to Use CCDF Funds for  
Construction or Major Renovation of Child Care Facilities**

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I. Background

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA; Public Law 104-193) added section 658O(c)(6) to the Child Care and Development Block Grant (CCDBG) Act. This provision allows Tribal Lead Agencies to use CCDF funds for construction or renovation of child care facilities.

Tribal Lead Agencies (including tribal grantees with approved plans under Public Law 102-477) must first request and receive approval from the Administration for Children and Families (ACF) before using CCDF funds for construction or major renovation. Regulations at 45 CFR 98.84 require Tribal Lead Agencies to make requests in accordance with uniform procedures established by Program Instruction. This Program Instruction contains the uniform procedures.

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These procedures require a Tribal Lead Agency to show that adequate child care facilities are not otherwise available and that the lack of facilities will inhibit future program operations. Under the law, use of funds for construction or renovation cannot result in a decrease in the level of child care services compared to the preceding fiscal year.

## II. Applicability of these Procedures

These procedures only apply to requests to use funds for construction or major renovation.

*Construction* means the building of a child care facility which does not currently exist.

*Major renovation* involves structural changes to the foundation, roof, floor, exterior or load-bearing walls of a facility, or the extension of a facility to increase its floor area. *Major renovation* also includes any extensive alteration of a facility such as to significantly change its function and purpose, even if such renovation does not include any structural change.

A Tribal Lead Agency does not need to request approval to spend CCDF funds on minor renovation.

*Minor renovation* includes all renovation other than major renovation or construction, as defined above.

The term *renovation* as used in this Program Instruction refers to major renovation.

In accordance with section 658F(b)(1) of the CCDBG Act, a Tribal Lead Agency cannot use CCDF funds to purchase an existing building or facility.

As a part of its application, a Tribal Lead Agency may request to use CCDF funds for the cost of amortizing the principal and paying interest on loans for construction or renovation.

A Tribal Lead Agency may request to use CCDF funds to pay for the costs of constructing or renovating a modular unit, including the costs of buying and installing the unit.

*Modular unit* is a portable structure made at another location and moved to a site for use by a Tribal Lead Agency to carry out a CCDF program. (See section XII of this document for additional requirements for modular units).

A Tribal Lead Agency may request and receive approval to use CCDF funds for a new or ongoing construction or major renovation project. However, CCDF funds cannot actually be expended for construction or major renovation costs until ACF approval is granted in accordance with this Program Instruction. If a Tribal Lead Agency constructs or renovates more than one facility, it must seek ACF approval for *each* project (even if the projects use identical plans and specifications). A Tribal Lead Agency may, however, use a single application. Upon obtaining ACF approval pursuant to this Program Instruction, a Tribal Lead Agency may spend either Tribal Mandatory Funds or Discretionary Funds (or both) for construction or major renovation. Any CCDF funds must come from a Tribal Lead Agency's CCDF allocation; a Tribal Lead Agency will not receive any additional CCDF funds for construction or renovation.

*Grant Award Process.* ACF will transfer CCDF funds to be used for construction and major renovation to a separate grant award with a separate grant document number. ACF will send an award letter to notify the Tribal Lead Agency of this transfer. Funds in this separate grant award can only be used for construction or renovation activities (unless ACF authorizes the Tribe to use the funds for other CCDF activities). (For Tribes that have consolidated child care with employment and training programs under P.L. 102-477, construction or renovation funds will not be transferred to a separate grant award; see paragraph below on P.L. 102-477).

*Application Deadline.* In order to use CCDF funds awarded in a given fiscal year on construction or major renovation, a Tribal Lead Agency must submit an application in accordance with this Program Instruction prior to July 1 of that fiscal year. For example, applications for fiscal year 2001 funding should be made before July 1, 2001. This procedure will allow time for ACF to transfer CCDF funds to the separate construction and renovation grant award prior to the end of the fiscal year. Funds awarded in a given fiscal year cannot be

transferred to the separate grant award after the end of that fiscal year.

*Use of Construction/Renovation Funds for Other CCDF Activities.* If funds approved for construction/renovation (or previously transferred to the separate grant award) are no longer needed for construction or renovation, the Tribal Lead Agency must notify ACF in writing so that ACF can release the funds to the Tribal Lead Agency for use on other CCDF activities.

*Fiscal Reporting.* Funds expended for construction or renovation must be reported separately from other CCDF funds on the tribal financial reporting form ACF-696T.

*Liquidation Time Frame.* Tribal Lead Agencies must liquidate CCDF funds used for construction or major renovation by the end of the second fiscal year following the fiscal year for which the grant is awarded. This gives Tribal Lead Agencies up to three years to liquidate funds approved for use on construction or major renovation (for example, such funds awarded on October 1, 2000 must be liquidated by September 30, 2003). The liquidation time frame begins with the date that funds are originally awarded--not the date that funds are transferred to the separate grant award for construction and renovation.

*Administrative Costs/Quality Expenditures.* Amounts used for construction and major renovation are not considered administrative costs for purposes of the 15 percent administrative cost limit at 45 CFR 98.83(g). Similarly, for non-exempt Tribal Lead Agencies, construction and renovation costs cannot be counted as quality expenditures for purposes of the four percent minimum quality expenditure requirement at 98.51(a).

*Public Law 102-477.* Tribes with approved plans under P. L. 102-477 must request and receive ACF approval in accordance with this Program Instruction prior to spending CCDF funds on construction or major renovation. ACF will notify the Bureau of Indian Affairs (BIA) upon approving a 102-477 grantee's construction or renovation application. The Tribe cannot use CCDF funds for construction or renovation until the BIA notifies the Tribe that the scope of work for its 102-477 grant/compact has been modified to include the approved construction or renovation project.

#### IV. Pre-Application Activities

Before submitting an application pursuant to this Program Instruction, a Tribal Lead Agency should conduct a community needs assessment to determine the need for construction or major renovation. A Tribal Lead Agency must involve its ACF Regional Office early in the process of considering the merits of construction or renovation, and must discuss with its Regional Office any proposed project prior to submitting a written application.

#### V. Planning Costs

A Tribal Lead Agency may, without prior ACF approval, use CCDF funds for reasonable and necessary planning costs associated with assessing the need for construction or renovation or for preparing an application to spend CCDF funds on construction or major renovation (in accordance with the uniform procedures). However, a Tribal Lead Agency may only use CCDF funds to pay for the costs of an architect, engineer, or other consultant for a project that is subsequently approved by ACF. If the project later fails to gain ACF approval, the Tribal Lead Agency must pay for the architectural, engineering or consultant costs using non-CCDF funds. CCDF funds used to pay for planning or consultant costs related to construction or major renovation must come from the separate construction and renovation grant award. (Prior to ACF approval of its construction/renovation application, a Tribal Lead Agency may use CCDF funds from its general Tribal Mandatory or Discretionary grant award for planning or consultant costs; however, once ACF

approves the application, a retroactive adjustment must be made to charge these costs to the separate construction and renovation grant award).

VI. Application Requirements

The Tribal Lead Agency proposing to use Child Care and Development Fund (CCDF) funds for construction or major renovation must submit a written application signed by the tribal chairperson, or his/her designee, that contains the following information:

- (1) The tribal name, and the name of the Tribal Lead Agency responsible for administering the CCDF.
  - (2) The name, address, telephone number, and, if applicable, fax number and e-mail address of a contact person within the Tribal Lead Agency.
  - (3) A description of child care facilities currently used by the Tribal Lead Agency to carry out CCDF activities. Include the number of each type of facility (e.g., homes, centers) and a brief description of each center (i.e., size, type of structure, condition, and number of children served).
  - (4) An explanation of why current facilities (described in item 3) are not adequate to carry out CCDF activities, and why the lack of facilities will inhibit the operation of the Tribal Lead Agency's CCDF program in the future. The explanation must include estimates of the number of children who: (1) currently receive CCDF services; (2) are currently eligible to receive and are in need of CCDF services but are not being served due to inadequate facilities; (3) are projected to receive CCDF services over the next five years (in the absence of this proposed construction/renovation); and (4) are projected to be eligible to receive and in need of CCDF services, but will not be served (without this proposed construction/renovation) due to inadequate facilities, over the next five years.
  - (5) A statement that adequate facilities are not otherwise available through lease, donation, purchase by non-CCDF funds, or other means.
  - (6)
    - (a) The following written assurance: "The use of CCDF funds for construction or renovation will not result in a decrease in the level of child care services provided by the Tribal Lead Agency, as compared to the level of services provided in the preceding fiscal year."
    - (b) Additionally, describe how the current fiscal year's level of child care services compares to the preceding year's level of services. The Tribal Lead Agency may define "level of services" in terms of the number of children served and/or the amount of funds spent on child care. Regardless of which definition it chooses, the Tribal Lead Agency must include in its description explanatory information about both the number of children served and the amount of funds spent on child care. The "preceding fiscal year" is the fiscal year prior to the fiscal year that the Tribal Lead Agency submits its application in accordance with this Program Instruction.
- NOTE: A new tribal grantee (i.e., one that did not receive CCDF funds the preceding fiscal year) may spend no more than an amount equivalent to its Tribal Mandatory allocation on construction and renovation. A new tribal grantee must spend an amount equivalent to its Discretionary allocation on activities other than construction or renovation (i.e., direct services, quality activities, or administrative costs).
- (7)
    - (a) A description (or map) of the site of the facility proposed to be constructed, or on which renovations are proposed, and an explanation of the appropriateness of the location in relation to the Tribal Lead Agency's service area.

- (b) Include a statement of the effect of the facility's location on the transportation of children to the program, on the Tribal Lead Agency's ability to collaborate with other child care, Head Start, social services and health providers, and on all other program activities and services.
- (8) (a) The plans and specifications for the proposed construction or renovation, including architectural designs.  
  
(b) In addition, describe the facility as it will be after construction or renovation is complete, including: (1) information on the size and type of structure; (2) the number and a description of the rooms; (3) the lot on which the building is located (including the space available for a playground and for parking); (4) and the number of children the facility will serve. For major renovation requests, describe and identify the current condition of the facility as well as the proposed renovations.
- (9) A proposed schedule for the construction or renovation, and occupancy, of the facility.
- (10) The intended uses of the facility proposed to be constructed, or on which renovations are proposed, including information demonstrating that the facility will be used principally to provide direct services to children. If the facility is to be used for other purposes in addition to the operation of the child care program, the Tribal Lead Agency must state what portion of the facility is to be used for such other purposes.

NOTE: If the facility is to be used for purposes in addition to the operation of the CCDF program, costs must be allocated in accordance with applicable cost principles.

- (11) The terms of any proposed or existing loan(s) related to the construction or renovation of the facility and the repayment plans (detailing balloon payments or other unconventional terms, if any), and information on all other sources of funding of the construction or renovation, including any restrictions or conditions imposed by other funding sources.

NOTE: The mortgage agreement, or security agreement in the case of a modular unit which is proposed to be purchased under a chattel mortgage, shall require the lender, in the case of default by the Tribal Lead Agency, to notify ACF before foreclosing on the property. The agreement must provide that ACF has the right to cure the default, and that the lender shall accept the payment of money or performance of any other obligation by ACF, or its designee, for the Tribal Lead Agency, as if such payment of money or performance had been made by the Tribal Lead Agency. The agreement shall also provide that the lender will not foreclose on the property until at least 60 calendar days after ACF is notified of the default. This 60 day period will allow time for the responsible ACF official to designate a replacement Tribal Lead Agency, which shall assume all of the obligations of the Tribal Lead Agency under the loan. (See section IX below).

- (12) An estimate of the total cost of the proposed construction or major renovation, including, but not limited to:
  - (a) Estimated one-time costs, including: (1) planning costs, (2) labor, materials and services necessary for the functioning of the facility, and (3) initial equipment for the facility. Equipment means items which are tangible, nonexpendable personal property having a useful life of more than five years. Some examples of one-time costs are the down payment, professional fees, moving expenses, and the cost of site preparation.

- (b) The ongoing costs such as insurance premiums, maintenance costs, and property taxes. When planning for construction or renovation, the Tribal Lead Agency should carefully consider whether it will have sufficient funds to cover ongoing costs necessary to operate the facility after the construction or renovation is completed.

NOTE: A Tribal Lead Agency cannot use the separate grant award for construction/renovation to pay for ongoing operating costs such as insurance premiums, maintenance costs or property taxes. The separate grant award must only be used for one-time construction and renovation costs, or principal and interest payments if the project is financed through a loan. However, other CCDF funds from the Tribal Mandatory or Discretionary grant awards could be used for allowable operating costs.

- (13) A statement of the amount of construction or major renovation costs that will be paid with CCDF funds listed separately by the Federal fiscal year in which the CCDF funds become (or became) available. Indicate whether the funds should be transferred from Tribal Mandatory or Discretionary funds.

NOTE: For a single project, a Tribal Lead Agency may use CCDF funds from more than one fiscal year. A project that uses more than one year of CCDF funding may be approved in a single application.

- (14) A statement of whether or not there is a Head Start program in the Tribal Lead Agency's service area. If there is a Head Start program in the service area, the applicant must describe: any child care/Head Start collaboration efforts; the extent to which Head Start will use the child care facility; and the extent to which Head Start funds will pay for construction and renovation costs, if applicable.

NOTE: The applicant must demonstrate child care/Head Start collaboration if there is a Head Start program in the service area.

- (15) A statement of who owns the land on which the facility is/will be located. If the Tribal Lead Agency proposes to construct or renovate a facility located on land that it does not own, the application must describe the easement, right of way or land rental it will obtain or has obtained to allow it sufficient access to the facility.

- (16) **FOR MAJOR RENOVATION REQUESTS ONLY:** A statement indicating whether the Tribal Lead Agency owns the facility to be renovated. If the Tribal Lead Agency does not own the facility, the application must include information about the owner and a copy of the lease for the facility.

NOTE: If the Tribal Lead Agency does not own the facility to be renovated, the Tribal Lead Agency must demonstrate that it has secured a lease which will assure the Tribal Lead Agency has access to the facility for a reasonable period of time, taking into consideration the amount of CCDF funds used to renovate the facility. In most cases, a minimum of five years (from the date the renovation is completed) is required, unless justified.

- (17) Written assurances that the facility will be constructed or renovated to comply with:

all applicable licensing and code requirements;  
the access requirements of the Americans with Disabilities Act (P.L. 101-336));  
section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794); and,  
if applicable, the Flood Disaster Protection Act of 1973 (P.L. 93-234).

- (18) (a) An assessment of the impact of the proposed construction or renovation on the human environment, addressing in particular any significant change in land use (including substantial



increases in traffic in the surrounding area due to the provision of transportation services), pursuant to the National Environmental Policy Act of 1969 (42 U.S.C. §4332(2)(C)) and its implementing regulations (40 CFR Parts 1500-1508). See Attachment B for guidance regarding the National Environmental Policy Act (NEPA).

- (b) A report showing the results of tests for environmental hazards present in the facility, ground water, and soil (or justification why such testing is not necessary). The report (or justification) is required regardless of whether or not the Tribal Lead Agency is required to submit a complete environmental assessment in accordance with NEPA.
- (c) Such information as may be necessary to comply with the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470f). See Attachment C for guidance regarding the National Historic Preservation Act.

(19) An assurance that the Tribal Lead Agency will comply with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. §4601 et seq. and 45 CFR Part 15), and information about the costs that may be incurred due to compliance with this Act. The law provides for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally assisted programs. Under the Relocation Act, the cost of finding replacement housing for persons displaced by an agency receiving Federal financial assistance must be paid by the agency under certain circumstances.

See Section XII regarding additional requirements for modular units.

**Attachment D contains a checklist summarizing the above application requirements. The checklist merely serves as a guide to developing an application. It is not intended to serve as a form or as a replacement for a thorough narrative.**

## **VII. Application Process**

The Tribal Lead Agency must send the completed application to the:

ACF Regional Administrator  
DHHS/ACF

A Tribal Lead Agency must also send a copy to the:  
Commissioner Administration on Children, Youth and Families (ACYF)

Attention: Child Care Bureau  
330 C Street, S.W.  
Room 2046  
Washington, D.C. 20447

Tribal grantees that have included their CCDF programs in approved plans under Public Law 102-477 must also send an additional copy to:

Bureau of Indian Affairs  
Office of Economic Development  
Division of Job Placement and Training  
1849 C Street, N.W.  
Mail Stop 4660 MIB  
Washington, D.C. 20240

A Tribal Lead Agency may submit an application at any time (although, in order to use CCDF funds awarded in a given fiscal year on construction or major renovation, a Tribal Lead Agency must submit an application prior to July 1 of that fiscal year). The ACF Regional Office has responsibility for reviewing and, if appropriate, approving applications (including applications from tribal grantees with approved plans under Public Law 102-477). The Regional Office will review the application for completeness and adherence to the application requirements described in this Program Instruction. The Regional Office will contact the Tribal Lead Agency for any additional information and will discuss the application with the Child Care Bureau, if necessary.

The amount of time required for the review process varies depending on the thoroughness of the application in addressing all necessary issues, and other factors. Generally, ACF Regional Offices will attempt to respond to applications within 30 days, and will notify the applicant if additional time is necessary. The Regional Office may need to request additional information if an application is incomplete.

Once a decision is made, the ACF Regional Office will notify the Tribal Lead Agency in writing regarding whether or not a request is approved. The notification will include a specific amount of CCDF funds that can be used for construction or renovation, based on the Tribal Lead Agency's cost estimate in its application. The Tribal Lead Agency may not spend more than the approved amount of CCDF funds on construction and renovation, unless it submits and receives approval for an amended application. However, the Tribal Lead Agency may use non-CCDF funds or leverage other monies for construction or renovation.

In order to make any material changes in the scope, nature, or projected costs of a project once the original application is approved, the Tribal Lead Agency must submit and receive approval for an amended application that describes the changes. ACF must approve the amended application before the Tribal Lead Agency can implement the changes. In addition, the authorization to use funds for construction or renovation is subject to special conditions and post-award requirements described in the sections below.

### VIII. Protection of Federal Interest

The Administration for Children and Families (ACF) has an interest in property that is constructed, renovated, or otherwise acquired with CCDF funds. This interest takes the form of restrictions on the use and disposition of the property in accordance with 45 CFR Part 92.31\*.

Use of the facility constructed or renovated with CCDF funds during its useful life for other than the purpose for which the facility was funded, without the prior express written approval of the responsible ACF official, is prohibited.

Facilities constructed or renovated with CCDF funds may not be mortgaged, used as collateral, sold or otherwise transferred to another party, without the prior written permission of the responsible ACF official.

The Federal interest also is manifested in the requirement that ACF receive a share of the proceeds from any sale of the property, as determined by the Federal share provisions of 45 CFR Part 92.31. ACF has authority to subordinate its interest in such property to that of a lender which finances the construction or renovation of the property.

Upon completion of the construction or major renovation with CCDF funds of a facility owned by the grantee, the Tribal Lead Agency shall record a Notice of Federal Interest in the appropriate official records for the

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\* The text of 45 CFR Part 92 is available on the World Wide Web at [http://www.access.gpo.gov/nara/cfr/waisidx\\_99/45cfr92\\_99.html](http://www.access.gpo.gov/nara/cfr/waisidx_99/45cfr92_99.html)

jurisdiction in which the facility is located (unless the facility is located on tribal lands held in trust by the U.S. government). A Notice is not required for a facility on tribal lands held in trust by the U.S. government. The Notice must be recorded in the official records and submitted to the ACF Regional Office within ten working days of the completion of the construction or renovation. The Notice must include the following information:

- (1) The date of the award of CCDF funds for the construction or major renovation of the property to be used as a child care facility, and the address and legal description of the property;
- (2) That the use of CCDF funds incorporated conditions which restrict the use of the property and provide for a Federal interest in the property;
- (3) That the property may not be used for any purpose inconsistent with that authorized by the Child Care and Development Block Grant Act and applicable regulations;
- (4) That the property may not be mortgaged, used as collateral, sold or otherwise transferred to another party, without the prior written permission of the responsible ACF official;
- (5) That these grant conditions and requirements cannot be altered or nullified through a transfer of ownership; and
- (6) The name (including signature) and title of the person who completed the Notice for the Tribal Lead Agency, and the date of the Notice.

In the case of leased property, the lessee must arrange for the lessor (owner) to record the Notice of Federal Interest.

Title to a facility constructed or renovated with CCDF funds vests with the grantee upon acquisition, subject to the provisions of this Program Instruction (except for facilities on tribal lands where the title is held in trust by the U.S. government). The Federal government assumes no liability for projects constructed or renovated with CCDF funds.

#### IX. Rights and Responsibilities in the Event of a Mortgage Default

Any assignment of the facility and mortgage responsibilities by ACF to any party, other than ACF, will be made to an agency financially capable of assuming the mortgage, and will be subject to prior approval of the mortgagee or creditor.

The Tribal Lead Agency must immediately provide the ACF Regional Office with both telephonic and written notification of a default of any description on the part of the grantee under a real property or chattel mortgage obtained in connection with a facility constructed or renovated with CCDF funds.

In the event ACF (or its designee) chooses not to cure a default, the procedures for calculating the Federal share of the property, as determined by 45 CFR Part 92.31, shall apply.

#### X. Insurance and Maintenance

The Tribal Lead Agency shall obtain insurance coverage for the facility. The coverage must begin at the commencement of the expenditure of costs in fulfillment of construction or renovation work. A facility constructed or renovated with CCDF funds must be supported by:

- (1) A title insurance policy which insures the fee interest in the facility for an amount not less than the full appraised value, and which contains an endorsement identifying ACF as a loss payee to be reimbursed if the title fails (except title insurance is not required for a facility on tribal lands held in trust by the U.S. government); and
- (2) A physical destruction insurance policy, including flood insurance where appropriate, which insures the full replacement cost of the facility from risk of partial and total physical destruction. The insurance policy is to be maintained for the period of time the facility is used by the grantee.

The Tribal Lead Agency shall submit copies of such insurance policies to the ACF Regional Office within five working days of completion of the construction or major renovation of the facility. If the Tribal Lead Agency has not received the policies in time to submit copies within this period, it shall submit evidence that it has obtained the appropriate insurance policies within five working days of the completion of the construction or major renovation, and it shall submit copies of the policies within five working days of their receipt.

The Tribal Lead Agency must maintain facilities constructed or renovated with CCDF funds in a manner consistent with the purposes for which the funds were provided and in compliance with property standards and building codes for the useful life of the property.

#### XI. Other Administrative Provisions

*Statement by Licensed Engineer or Architect.* If the total cost of the project exceeds \$100,000, the Tribal Lead Agency must submit to the ACF Regional Office (after receiving ACF approval and prior to the start of actual construction or major renovation) a statement by a licensed engineer or architect indicating that: (1) the overall estimated cost of the proposed construction/renovation and the cost of its individual elements are within the range for similar projects in the same community, and (2) the facility will be structurally sound if constructed or renovated in accordance with the proposed design. The statement may be made by any engineer or architect, in the public or private sector, who is qualified to judge the structural soundness of the facility.

*Final Contract.* The Tribal Lead Agency must submit to the ACF Regional Office, within ten working days of its execution, a copy of the final contract to construct or renovate the facility. The total price of any contract must be fixed, and the contract must include a provision stating that the price may not be increased after the contract is entered into except for reasons that are beyond the builder's control and unforeseeable at the time the contract was entered into.

*Legal Documents.* The Tribal Lead Agency must submit to the ACF Regional Office, within ten working days of their execution, certified copies of the deed, loan instrument, mortgage, and any other legal documents related to the construction or renovation of the facility or to the discharge of any debt secured by the facility.

*Final Inspection Report.* Upon completion of the construction or renovation, the Tribal Lead Agency must submit a final inspection report that demonstrates the structural soundness and safety of the facility (if the facility is a modular unit; see section XII). The report must be submitted to the ACF Regional Office within 30 calendar days of the substantial completion of the construction or renovation.

*Procurement Procedures.* All facility construction and renovation transactions must comply with the procurement procedures in 45 CFR Part 92.36, and must be conducted in a manner to provide, to the maximum extent practicable, open and free competition.

*Records.* The Tribal Lead Agency must retain all records pertinent to the construction or renovation of a facility for a period equal to the period of the grantee's use of the facility plus three years.

*Audits.* Any audit of a Tribal Lead Agency which has constructed or renovated a facility with CCDF funds shall include an audit of any mortgage or encumbrance on the facility. Reasonable and necessary fees for this audit and appraisal are allowable costs for CCDF funds.

*Allowable Costs.* Consistent with the cost principles referred to in 45 CFR Part 92.22, reasonable fees and costs associated with and necessary to the construction or renovation of a facility are allowable costs for CCDF funds, but require prior, written approval of the ACF Regional Office.

*Income.* Income from the sale of equipment or real property constructed in whole or in part with CCDF funds is subject to the provisions of 45 CFR Part 92.25 governing such income.

## XII. Additional Requirements for Modular Units

The procedures in this Program Instruction apply to construction or renovation of modular units. In addition, the following requirements apply:

- (1) An application for the installation of a modular unit must include a statement describing the procedures that will be used by the Tribal Lead Agency to purchase the modular unit. This statement must include a copy of the specifications for the unit which is proposed to be purchased and an assurance that the Tribal Lead Agency will comply with procurement procedures in 45 CFR Part 92.36, including the assurance that all transactions will be conducted in a manner to provide, to the maximum extent practical, open and free competition.
- (2) The Tribal Lead Agency must have the modular unit inspected to judge the soundness and safety of the unit and its installation. The unit must be inspected by a licensed engineer or architect, unless the use of another inspector is justified by the Tribal Lead Agency and approved by the ACF Regional Office. The Tribal Lead Agency must submit to the ACF Regional Office the engineer's or architect's inspection report within 30 calendar days of the modular unit's installation.
- (3) All reasonable costs necessary for the installation of a modular unit, the installation of which has been approved by the ACF Regional Office, are payable with CCDF funds. Such costs include, but are not limited to, payments for public utility hook-ups, site surveys and soil investigations.
- (4) A modular unit which has been approved for construction or renovation in one location may not be moved to another location without the prior written permission of the responsible ACF official.
- (5) Modular units which are constructed or renovated with CCDF funds and which are not permanently affixed to land, or which are affixed to land which is not owned by the grantee, must have posted in a conspicuous place the following notice:

"On (date of approval), the Administration for Children and Families (ACF) approved a request for (Name of Tribal Lead Agency) to use its Child Care and Development Fund allocation for the acquisition of this modular unit. The use of Federal funds incorporated conditions which included restrictions on the use and disposition of this property, and provided for a continuing Federal interest in the property. Specifically, the property may not be used for any purpose other than the purpose for which the facility was funded, without the prior express written approval of the responsible ACF official, or sold or transferred to another party without the prior written permission of the responsible ACF official. These conditions are in accordance with the

statutory provisions set forth in 42 United States Code, Section 9839; the applicable regulatory provisions set forth in 45 CFR Part 98 and 45 CFR Part 92; and the Administration for Children and Families' grants policy."

## Attachment B

### **Compliance with the National Environmental Policy Act**

An application to use CCDF funds for construction/renovation must include an environmental assessment in accordance with the National Environmental Policy Act (NEPA). The purpose of the required environmental assessment is to determine whether the proposed construction or renovation will or will not significantly affect the quality of the human environment.

**Contents.** In response to item 18(a) of the construction/renovation application requirements, the assessment must:

1. Describe the potential environmental impacts of the proposed construction or renovation project. This description should indicate whether the proposed construction/renovation would significantly affect the quality of the human environment. (See additional guidance below under *Criteria*).
2. Indicate whether the proposed construction/renovation site is near any of the following: historic or cultural resources, park lands, prime farmlands, habitats of endangered species, wetlands, wild and scenic rivers, streams and other bodies of water, coastal zones, floodplains, marine sanctuaries, or sole source aquifers. Generally, for projects with these unique characteristics, the Administration for Children and Families will need to consult with appropriate Federal or State agencies in order to approve the proposed construction/renovation.
3. Describe measures, including suitable pollution prevention techniques, which would be taken to avoid or mitigate potential environmental impacts associated with the proposed construction/renovation project. Such measures might include soil erosion and sedimentation controls and the use of recycled products.
4. Describe in detail the environmental impact of reasonable alternatives to the proposed construction/renovation project (including delaying the project, or choosing not to construct/renovate), particularly those that will enhance the quality of the environment and avoid some or all of the adverse environmental effects of the proposed action.
5. Compare the environmental benefits and risks of the proposed construction/ renovation project and the reasonable alternatives (identified in item 4 above), identifying the preferred action based on environmental factors.
6. List those persons preparing the assessment and their areas of expertise, and persons and agencies consulted. Preparation of the assessment should involve consulting with interested agencies and persons. In addition, the Tribal Lead Agency should provide public notice of: (1) any public hearings or meetings that occur as part of the preparation of this assessment; and (2) the availability of the environmental assessment and related documents for review by the public. Public notice might include publication in local newspapers or newsletters, use of other local media, or direct mailing to owners and occupants of nearby or affected property.
7. List complete citations for all referenced documents and include copies of referenced articles that are not generally available.

**Criteria.** The assessment should determine whether the proposed construction or renovation will or will not “significantly affect the quality of the human environment” by means of the following steps:

Identify those things that will happen as a result of the proposed construction or renovation project. A project normally produces a number of consequences (e.g., will involve construction activity; will result in the provision of child care services).

Identify the “human environments” that the proposed construction/ renovation will affect. The human environments include terrestrial, aquatic, subterranean and aerial environments, such as islands, cities, rivers, or parts thereof.

Identify the kinds of changes that the proposed construction/renovation will cause on these “human environments.” A change occurs when a proposed construction/ renovation project causes the human environment to be different in the future than it would have been absent the proposed project. For example: an increase in a human population; the introduction of a new chemical compound to natural environments; or an increase of traffic through residential neighborhoods. Effects in both the near term (e.g., during the construction or renovation process) and reasonably foreseeable future (e.g., after the construction or renovation has been completed) must be considered. Identify the magnitude of any change (e.g., whether the change will affect one neighborhood, the entire tribal service area, etc.).

Identify whether these changes are significant. Determining whether or not a proposed construction/renovation project will cause significant changes involves a case-by-case determination. This determination should consider:

- Impacts that may be both beneficial and adverse. A significant effect may exist even if on balance the effect will be beneficial.
- The degree to which the proposed project affects public health and safety.
- Unique characteristics of the geographic area such as proximity to historic or cultural resources, park lands, prime farmlands, wetlands, wild and scenic rivers, streams and other bodies of water, coastal zones, floodplains, marine sanctuaries, sole source aquifers, or ecologically critical areas.
- The degree to which the effects on the quality of the human environment are likely to be highly controversial.
- The degree to which the possible effects on the human environment are highly uncertain or involve unique or unknown risks.
- The degree to which the project may establish a precedent for future actions with significant effects or represents a decision in principle about a future consideration.
- Whether the project is related to other actions with individually insignificant but cumulatively significant impacts. Significance exists if it is reasonable to anticipate a cumulatively significant impact on the environment. Significance cannot be avoided by terming a project temporary or by breaking it down into small component parts.
- The degree to which the project may adversely affect districts, sites, highways, structures, or objects listed in or eligible for listing in the National Register of Historic Places or may cause loss or destruction of significant scientific, cultural, or historical resources.
- The degree to which the project may adversely affect an endangered or threatened species or its habitat that has been determined to be critical under the Endangered Species Act of 1973. The establishment of a species in or removal of a species from an environment is significant.
- Whether the project threatens a violation of law or requirements imposed for the protection of the environment.
- Whether the project changes the characterization of an environment (e.g., from terrestrial to aquatic); such a change is considered significant.



Consider alternatives to the proposed construction/renovation. The assessment should identify any reasonable, appropriate alternatives to the proposed construction/renovation project, and discuss the environmental impacts of these alternatives. Alternatives include: choosing not to construct/renovate; other reasonable courses of action (e.g., delaying the project, choosing another location); and mitigation measures to avoid or reduce potential environmental impacts.

*The above guidance is based on NEPA regulations issued by the Council on Environmental Quality (40 CFR Parts 1500-1508), and the Department of Health and Human Services' Revised General Administrative Manual, Part 30 – Environmental Protection (published in the Federal Register on February 25, 2000).*

## Attachment C

### **Compliance with the National Historic Preservation Act**

Section 106 of the National Historic Preservation Act of 1966 (16 U.S.C. §470f), as amended, requires all Federal agencies to take into account the effects of their actions on historic properties, and provide the Advisory Council for Historic Preservation (ACHP) with a reasonable opportunity to comment on those actions. Historic properties include properties listed on or eligible for listing in the National Register of Historic Places (the Register).

Properties that meet the criteria for listing in the Register, which is administered and maintained by the National Park Service, are normally over 50 years of age (although there are exceptions for extremely significant recent properties), and include districts, sites, buildings, structures, and objects that are significant in American history, architecture, archeology, engineering, and culture. More detailed criteria are found in National Park Service regulations (36 CFR Part 60).

If either the Tribal Lead Agency or the ACF Regional Office concludes that the property (affected by the construction/renovation project) may be eligible for listing in the Register, ACF will submit a letter to the Department of the Interior requesting a decision concerning eligibility.

If a proposed construction/renovation project could potentially affect a property which is on or determined eligible for the Register, the Tribal Lead Agency must submit to ACF written materials regarding the impact of the proposed construction/renovation on the property. ACF will then consult with the Tribal or State Historic Preservation Officer, the public, other parties, and the Advisory Council for Historic Preservation, as appropriate, to assess adverse effects on the historic property, and to avoid, minimize, or mitigate the adverse affects. For more detailed information regarding this process, see regulations at 36 CFR Part 800.

*The above guidance is based on information provided by the Advisory Council on Historic Preservation on the World Wide Web (<http://www.achp.gov>) and the Department of Health and Human Services' General Administrative Manual, Part 30 – Environmental Protection, Chapter 30-40 – Cultural Asset Review.*

Attachment D

**Application Checklist**

The checklist below summarizes the application requirements. See Attachment A of the Program Instruction for a complete description of the application requirements. The checklist merely serves as a guide to developing an application. It is not intended to serve as a form or as a replacement for a thorough narrative.

Yes/No	Application Requirement	Comments
	1. Tribal name and Tribal Lead Agency name.	
	2. Contact person's name, address, phone number, fax number, and e-mail address.	
	3. Description of current child care facilities, including the number of each type of facility (e.g., homes, centers) and a brief description of each center (size, type of structure, condition, and number of children served)	
	4. Explanation of why current facilities are not adequate, and why the lack of facilities will inhibit future program operations. Must include estimates of children who: (1) currently receive CCDF services; (2) are currently eligible and in need but are not being served due to inadequate facilities; (3) are projected to receive CCDF services over the next five years (in the absence of this proposed construction/ renovation); and (4) are projected to be eligible and in need, but will not be served (without proposed construction/renovation) due to inadequate facilities, over the next five years.	
	5. A statement that adequate facilities are not otherwise available through lease, donation, purchase by non-CCDF funds, or other means.	

Yes/No	Application Requirement	Comments
	<p>6.(a) The following written assurance: "The use of CCDF funds for construction or renovation will not result in a decrease in the level of child care services provided by the Tribal Lead Agency, as compared to the level of services provided in the preceding fiscal year"; and (b) Additionally, a description of how the current fiscal year's level of child care services compares to the preceding year's level of services. The Tribal Lead Agency may define "level of services" in terms of the number of children served and/or the amount of funds spent on child care. Regardless of which definition it chooses, the Tribal Lead Agency should include in its description information about both the number of children served and the amount of funds spent on child care.</p>	
	<p>7.(a) A description (or map) of the facility's site, and an explanation of the appropriateness of the location in relation to the Tribal Lead Agency's service area; and (b) Include a statement of the effect of the facility's location on the transportation of children to the program, on the Tribal Lead Agency's ability to collaborate with other child care, Head Start, social services and health providers, and on all other program activities and services.</p>	
	<p>8.(a) The plans and specifications for the proposed construction or renovation, including architectural designs; and (b) Describe the facility as it will be after construction or renovation is complete, including information on the size and type of structure, the number and a description of the rooms, the lot on which the building is located (including the space available for a playground and for parking), and the number of children the facility will serve. For major renovation requests, describe and identify the current condition of the facility as well as the proposed renovations.</p>	
	<p>9. A proposed schedule for the construction or renovation, and occupancy, of the facility.</p>	

Yes/No	Application Requirement	Comments
	<p>10. The intended uses of the facility, including information demonstrating that the facility will be used principally to provide direct services to children. If the facility is to be used for other purposes in addition to the operation of the child care program, the Tribal Lead Agency must state what portion of the facility is to be used for such other purposes.</p>	
	<p>11. The terms of any proposed or existing loan(s) related to the construction or renovation and the repayment plans (detailing balloon payments or other unconventional terms, if any), and information on all other sources of funding of the construction or renovation, including any restrictions or conditions imposed by other funding sources. The mortgage or security agreement must have provisions regarding foreclosure and default; see Program Instruction.</p>	
	<p>12. An estimate of the total cost of the proposed construction or renovation, including estimated one-time costs (e.g., planning costs; labor, materials and services; initial equipment) and ongoing costs (e.g., insurance premiums, maintenance costs, and property taxes).</p>	
	<p>13. A statement of the amount of construction or renovation costs that will be paid with CCDF funds listed separately by the Federal fiscal year in which the CCDF funds become (or became) available. Indicate whether the funds should be transferred from Tribal Mandatory or Discretionary funds.</p>	

Yes/No	Application Requirement	Comments
	<p>14. A statement of whether or not there is a Head Start program in the Tribal Lead Agency's service area. If there is a Head Start program in the service area, the applicant must describe: any child care/Head Start collaboration efforts; the extent to which Head Start will use the child care facility; and the extent to which Head Start funds will pay for construction and renovation costs, if applicable. The applicant must demonstrate collaboration if there is a Head Start program in the service area.</p>	
	<p>15. A statement of who owns the land on which the facility is/will be located. If the Tribal Lead Agency proposes to construct or renovate a facility located on land that it does not own, the application must describe the easement, right of way or land rental it will obtain or has obtained to allow it sufficient access to the facility.</p>	
	<p><b>16. FOR MAJOR RENOVATION REQUESTS ONLY:</b> A statement indicating whether the Tribal Lead Agency owns the facility to be renovated. If the Tribal Lead Agency does not own the facility, the application must include information about the owner and a copy of the lease for the facility. If the Tribal Lead Agency does not own the facility, the Tribal Lead Agency must have a long-term lease; see Program Instruction.</p>	
	<p>17. Written assurances that the facility will be constructed or renovated to comply with: (1) applicable licensing and code requirements; (2) access requirements of the Americans with Disabilities Act (P.L. 101-336)); (3) section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794); and, (4) if applicable, the Flood Disaster Protection Act of 1973 (P.L. 93-234).</p>	

Yes/No	Application Requirement	Comments
	<p>18.(a) An assessment of the impact of construction or renovation on the human environment, addressing in particular any significant change in land use (including substantial increases in traffic due to transportation services) pursuant to the National Environmental Policy Act of 1969 (42 U.S.C. §4332(2)(C)); (b) A report showing results of tests for environmental hazards present in the facility, ground water, and soil (or justification why testing is not necessary); and (c) Information necessary to comply with the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470f).</p>	
	<p>19. An assurance that the Tribal Lead Agency will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. §4601 <u>et seq.</u>), and information about costs that may be incurred due to compliance.</p>	
	<p>20. <b>FOR MODULAR UNIT REQUESTS ONLY:</b> A statement describing procedures for purchasing the modular unit. This must include a copy of the unit's specifications and an assurance that the Tribal Lead Agency will comply with procurement procedures in 45 CFR Part 92.36, including an assurance that transactions will be conducted in a manner to provide, to the maximum extent practical, open and free competition.</p>	

## Attachment E

### Documents and Deadlines to be Submitted to the ACF Regional Office

Document	Deadline
Application	Any time (although to use CCDF funds awarded in a given fiscal year, a Tribe must submit an application prior to July 1 of that fiscal year)
Statement by a licensed engineer or architect as to the cost and technical appropriateness of the construction or renovation, if the project exceeds \$100,000	After receiving ACF approval and prior to the start of actual construction or renovation
A copy of the final contract to construct or renovate the facility	Within 10 working days of its execution
Certified copies of the deed, loan instrument, mortgage, and any other legal documents	Within 10 working days of execution
Title insurance policy (not required for a facility on tribal lands held in trust by the U.S. government)	Submitted within 5 working days of the completion of construction or renovation
Physical destruction insurance policy, including flood insurance where appropriate	Submitted within 5 working days of the completion of construction or renovation
Notice of Federal Interest	Submitted within 10 working days of the completion of construction or renovation
Final inspection report that demonstrates the structural soundness and safety of the facility (unless modular unit)	Within 30 calendar days of the substantial completion of the construction or renovation.
<b>FOR MODULAR UNITS:</b> Inspection report by engineer or architect (or other inspector approved by ACF) on the soundness and safety of the unit	Within 30 calendar days of the modular unit's installation