This Tribal Child Care and Development Fund (CCDF) Community of Practice session will provide information on financial management and budgeting strategies to assist Tribal Lead Agencies in managing their construction or major renovation funds. We will explore ways to finance a project, including funding sources and options. We will also touch on some monitoring approaches to assist in tracking expenditures. Through proper financing practices, Tribal Lead Agencies will be able to determine the necessary steps to appropriately implement their construction or major renovation project.
Say hello by taking yourself off mute or in the chat by sharing:

♦ Your name
♦ Your Tribal CCDF Program

We look forward to continuing to get to know each other as we move through each session.
Before we begin, please consider a quick check-in question: what aspects of facility design should be considered when budgeting and managing your construction or renovation project?

The purchase price of the property if the organization is buying a building and/or land, construction and site infrastructure or layouts (which might include bringing sewage services and water to the site), utility connections, architect personnel, landscaping costs, including the cost of materials and labor, and outlays for indoor and outdoor equipment and furnishings are all considerations when budgeting for your project.

Many factors influence the cost of planning a new facility. For example, for a new site, you will need to consider:
- Will the building or land be leased or purchased?
- Does the project involve renovating an existing building or constructing a new one?
- How large is the project?
- How expensive is leasing as opposed to buying property in your community?

Note: In the Program Instructions, page 2 states that the Child Care Development Block Grant (CCDBG) Act prohibits the use of CCDF funds for “the purchase or improvement of land, or for the purchase, construction, or permanent improvement (other than minor remodeling) of any building or facility.” If the Tribal Lead Agency chooses to purchase land or a building/facility, they could use other funds other than CCDF funding to do so. It is important to have a conversation with your Regional Program Specialist to talk about your project in advance.
In our fourth session of the community of practice, Fiscal Management of Your Construction or Major Renovation Project, we will be providing opportunities for discussion on strategies to build the construction or major renovation budget based on design, land assignment, and timeline. This is to assist Tribal Lead Agencies in determining their set-aside amounts within their application. We will also discuss the development of future operational budget considerations.
## Objectives

1. Identify available funding sources and timelines for liquidation
2. Explore financing options to complete the construction or major renovation project
3. Examine ways to monitor and track construction or major renovation expenditures
4. Gain understanding to complete the construction or major renovation set-aside request
What are your biggest challenges or concerns regarding the fiscal management of your project?

Do you have any contingency plans in place? Have you thought about whether your fiscal policies and procedures need to be adjusted or updated to help facilitate proper management?
To begin, let’s review some key definitions related the financial management of your construction and renovation project.

Building a new space or renovating an existing one requires a different financial tool called a capital budget, which includes all costs associated with the proposed investment in the new or renovated facility. As such, it’s more like a bucket that holds all one-time expenditures associated with purchasing, improving, or building a physical asset, even if it takes several years to complete. The capital budget, sometimes called a “statement of sources and uses” or a “development budget,” has two parts: sources, such as grants and loans; and uses, which include all hard and soft costs related to planning and construction.

Land, buildings, and equipment are called hard costs because they are the “hard” physical items you can touch. Professional services, taxes, insurance premiums, and other fees are considered soft costs, because they fund services and fees that are essential to the project, they represent those things that are typically less tangible. In budgeting for both hard and soft costs, it is wise to estimate 10 to 15 percent more for each line item to cover unanticipated cost over-runs.
Protection of Federal Interest

What does it mean?

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<tr>
<th>Policy</th>
<th>Restrictions</th>
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<td>The federal government has a continuing revisionary interest in property that is constructed, renovated, or otherwise acquired with federal funds.</td>
<td>• On the use and dispositional of the property</td>
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<td>• Intended use of the facility</td>
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<td>• Not mortgaged, used as collateral, sold or otherwise transferred to another party without written approval</td>
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<td>• ACF receives a share of the proceeds from any sale</td>
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<td>• ACF may, at its sole discretion, subordinate its interest in such property to that of a lender that finances the project</td>
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Source: Program Instruction CCDF-ACF-PI-2016-05, Section VIII. Retrieved from https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2016-05

Please keep in mind that any use of Head Start funds for either hard or soft costs contributes to the federal interest in your facility. A federal interest is the federal government’s share in a property, based on the federal funding that went towards acquiring or upgrading it. The federal government has a continuing revisionary interest in property that is constructed, renovated, or otherwise acquired with federal funds. If you use any Head Start funds for your project, you must follow the requirements outlined in 45 CFR Part 1303 Subpart E, the section of the Head Start Program Performance Standards containing facilities regulation.

If you have any questions regarding the protection of federal interest, please reach out to your Regional Office (RO) for clarification or assistance. Now, let’s look at the first piece of understanding financing and budgeting for your project: timeframes.
Let’s think about the timeframe for Construction and Renovation.

**Tribal Lead Agencies 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.

**The Liquidation Timeframe** for construction and renovation begins with the date the funds are originally awarded, not the date that funds are transferred to the separate award for construction and renovation. For example, funds awarded and then transferred to construction and renovation in Grant Year (GY) 2022 must be liquidated by September 30, 2024. Funds cannot be moved to construction/renovation after the end of the grant year, which is the federal fiscal year (FFY) in which they were awarded. This gives Tribal Lead Agencies up to three years to liquidate funds approved for use on construction or major renovation with no separate obligation requirement. Therefore, take time to consider how long your project will ultimately take.
The slide shows possible timelines for planning your construction and major renovation projects. The top section demonstrates the timeline for a single-year funded project using construction or major renovation set aside of CCDF funds from one fiscal year.

The lower portion of the chart demonstrates a possible multi-year project. This type of project will draw from more than one fiscal year of set aside CCDF funds to complete the construction or major renovation. Some projects may involve more funding that is available in one fiscal year. In that case, grantees can request funding from more than one fiscal year. Tribal Lead Agencies must request that in their application. A multi-year project can be approved in one single application. This chart also shows the possible activities that are taking place within each fiscal year.
Developing a Timeline

- Task that you want to accomplish
  - New Construction Project
  - Major Renovation
  - Minor Renovations
- Budget
  - Initial cost and future cost
  - How much can you afford to set aside for the build and future cost?
  - Where will the money come from?
- Approvals
  - Who needs to approve this request and how long will that take?
- Duration
  - How long will all the steps in my timeline take before I can break ground?
- Team
  - Who should I consult with?
  - Who do I need to hire?
- Spending the funds
  - Obligating
  - Liquidating

When preparing and budgeting for construction for the first time, it’s easy to overlook all those things that must be done well before ground is officially broken on the project or before the renovation even begins. Organizations typically begin to incur project-related expenses months and even years before construction begins. Architects and lawyers, for example, generally bill for their services as they help you evaluate potential sites, propose changes to existing ones, and negotiate purchase, leasing, or construction agreements. You will also likely need to make a down payment or deposit to bind a purchase or lease agreement, and some construction companies require a percentage payment in advance of beginning their work. These “preconstruction” expenses are commonly 5 to 10 percent of the total project cost. In order to ensure all necessary components are accounted for, be sure to work with your team to develop the appropriate timeline and consider the following:

- Task that you want to accomplish
- Budget
- Approvals
- Duration
- Team
- Spending the funds

Example Tasks:
- Complete Application Submitted [add date]
- RFP for Architect [add dates]
- Architectural Drawings Complete [add date]
- Site Preparation Complete [add date]
As you develop a timeline for a specific construction or renovation project, be sure to address as many of the identified considerations as you can with your team. Ultimately, thinking about timeline development should help you answer application component 8, which requires a timeline for the construction or renovation project. The timeline should include a schedule for each major activity in the construction or renovation project and occupancy of the facility. You will need to ensure you take the identified considerations into account as you fill in your timeline.
When thinking about financing your construction or major renovation project, be sure to think about the ways in which you can leverage your COVID-19 funds to enhance your project. These funds can be used to furnish your building or for playground improvements.

In considering this, you'll need to identify the available COVID-19 supplemental funds and their respective obligation and liquidation timeframes.
Any Questions?
This graphic is a visual representation of the systems involved in the operation of your Tribal CCDF program. Let’s start by reviewing the fiscal management system.

To ensure you can successfully manage and administer your construction or major renovation project and its funds, it's important that you have a sound plan in which your fiscal staff and CCDF administrator are working in unison. Good fiscal management is one of the keys to having a successful program and includes having a reliable and accurate accounting system and process when dispersing CCDF funding. It is important to determine who your point of contact is within the Tribe’s fiscal department and meet with them regularly to monitor your budgets, cost allocation plans, allowable expenditures, and drawdowns in preparation of your regular Tribal fiscal audits. This internal control mechanism can assist the agency in meeting the goals and objectives within your Tribe’s financial management system.
Some of the elements involved in an effective fiscal system include the following:

♦ Budgets-We have touched on budgets in session 2 and will explore more during this session
♦ Cost allocation plans- We have also discussed the importance of cost allocation in session 2, but we will work on cost allocation in this session! Exciting!
♦ Office of Management and Budget or OMB allowable expenses
♦ Fiscal reporting
♦ Internal controls
♦ Policies and procedures
♦ Audits

It is a good idea to get a copy of your Tribe’s fiscal policies and procedures for your reference. To be an effective system, the following processes should exist at a minimum:

♦ processes to ensure sound CCDF fiscal management,
♦ processes to identify areas of risk and fraud prevention,
♦ processes to train child care staff and providers regarding program requirements and integrity,
♦ regular evaluation of internal control activities, and
♦ disallowance procedures.

Guiding Questions:
♦ Have you reviewed existing policies and procedures to determine whether they should be updated or not?
♦ If necessary, have you drafted new policies and procedures, and what is your process for
Has your Tribal leadership been involved in aspects of financial management? To what extent are they engaged?

We touched on budget and cost allocations during session 2. However, we will work on cost allocation planning in this session as well. Speaking of budgets, let’s look at how to begin the process of identifying all costs associated with your construction or renovation project.
What challenges do you foresee in developing your construction or major renovation budget?
The prospect of creating a budget may appear daunting at first, especially if the process is new to you. However, with care, planning, and work, you can make the process manageable. Developing a capital budget involves the following five steps:

1. **Start with an initial estimate:** This early projection of costs will give you a sense of approximately how much money you need, and it will help you assess whether it’s feasible to proceed with the project. At this point, a specific site may not have been identified or the specifics around a major renovation may not be exactly defined. It’s important to know that a capital budget frequently and necessarily changes as a grantee learns more about its site or renovation needs and decides how to design and equip the space. As the project moves forward, the budget will more accurately reflect the project’s actual cost.

2. **Revise the budget once you have identified a site:** Once you know what you want to do and where you want to do it, you can refine your estimate based on specific information, such as a purchase price or known conditions—the age or type of a building or the extent of renovations to be carried out at an existing location. As the architect prepares preliminary design schemes and engineers look for environmental hazards or structural issues, you will know more about additional costs, such as the expense of removing asbestos or lead. Although still early in the planning process, at this stage the architect might consult a “cost estimator” to approximate the hard construction costs.

3. **Revise the budget when the design development phase draws to a close:** At this point there will be fewer uncertainties. With detailed plans you can produce a more refined capital budget. For example, the construction line of a capital budget will expand to include such detailed expenses as excavation, site preparation, demolition, carpentry, drywall,
plumbing, and electrical work.

4. Expect to revise the budget again after receiving contractor bids. Labor and material costs change constantly, so the most accurate budget will include the construction contractor’s bid. Consider value engineering for situations where the contractor’s estimate exceeds available resources.

5. Don’t forget to budget for unanticipated expenses. Even after construction begins, unexpected circumstances frequently arise and create additional costs. For example, during excavation the contractor may discover a foundation wall from a building that previously stood on the site. The grantee will need to absorb the unplanned expense of demolishing and disposing of the wall. To prevent such unpleasant surprises from adversely affecting the project, the capital budget should include a construction cushion of at least 10 percent of hard costs. When renovating an existing building, this cushion may need to be higher, perhaps 15 percent, since existing structures are more likely than vacant land to conceal costly surprises behind their walls.
There are two methods to quickly estimate the cost of your project.

Example A: To estimate the approximate cost for a major new construction or renovation project, you need three figures:
1. Gross square foot per child
2. Number of children the facility will be licensed to serve
3. Cost per square foot

Example B
- Collect contractor estimates
- Average all but the lowest estimate
- Build in a cushion

Remember the following as you are estimating your costs:
- Gross square feet per child: State licensing requires only 35 square feet of classroom space per child, but to create quality space you should provide 45 to 55 square feet per child. This does not count space used by large objects, like refrigerators or counters. Even more space is needed for infant and toddler rooms. Double this number to allow for non-classroom space such as multi-purpose space, bathrooms, kitchen, offices, hallways, and more. Remember, you want two estimates: a modest, low-end one, and a more ambitious high-end version.
- Cost per square foot: Child care space tends to be 40-50% more expensive than other commercial spaces because of more extensive plumbing, child-size fixtures, built-in cabinets and counters, and other specialized features. To produce a cost per square foot, ask some architects or contractors for the “total development costs” (not just the construction cost) per square foot for commercial space in your area and multiply that by 1.5. Once again, look for a range. Use the lowest number and the highest.
Example B: To estimate the approximate cost for a small-scale renovation or improvement project:
1. Collect contractor estimates
2. Average all but the lowest estimate
3. Build in a cushion

Now, let's look at a project total cost example on the next slide.
Here is a projected total cost example. This budget identifies the estimated one-time costs as well as the ongoing costs. The projected costs must provide a break down by major cost category. Within the one-time costs object class category, planning costs identified include positions such as the Architect at $10,800 and Plumbing and Mechanical Design at $4,500. This budget then lists labor, materials, and services costs. Lastly, the budget includes the cost of initial equipment for the facility within this category. Object class category (b) estimate of ongoing costs lists staffing costs, supplies, insurance premiums, maintenance costs, and property taxes, each with their specified dollar amount and details regarding that given line-item.

Remember, the information gleaned from your projected total cost or capital budget should be included in component #11 in your construction application.
On the screen, you will see component #11 of the construction application, which concerns cost estimation. The cost estimate should include the following:

- **One-time** costs, including
  - planning cost
  - labor and materials
  - equipment
  - down payment
  - professional fees
  - cost of site preparation

- **Ongoing costs**, such as
  - staffing costs
  - supplies
  - insurance premiums
  - maintenance costs
  - property taxes
  - and any other operating costs for the facility or the child care program

“When planning for construction or renovation, the Tribal Lead Agency should carefully consider whether it would have sufficient funds to cover ongoing costs necessary to operate the facility after the construction or renovation is completed; and the impact on the Tribal Lead Agency’s ability to meet its child care service obligations … [For example, a large allocation grantee] must demonstrate that it has adequate resources to operate a certificate program … [All grantees must demonstrate that they have adequate resources to] meet quality...
expenditure requirements, in addition to constructing or completing a major renovation project.”

Note: When applying to use CCDF funds for construction and renovation, the funds that are approved for this purpose can not be used for ongoing operating costs and can only be used for one-time costs associated with the construction or renovation, 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.
Now that we know a little more about the importance of the budget and estimating costs, let’s also recall what ties budgeting and cost estimation together, cost allocation. As we discussed in session 2, cost allocation is foundational in:

- Linking comprehensive service to children in child care settings
- Increasing the supply of quality care
- Promoting family engagement
- Increasing professional support and training
- Enhancing cultural awareness

You can maximize your consumer education efforts by informing providers and consumers or families about local programs and services as a result of your efforts, such as:

- Early Head Start and Head Start program
- State and locally funded pre-kindergarten programs
- Available home visiting programs such as Nurse-Family Partnerships
- Available parenting classes or support groups
- After school services such as Boys and Girls Club and 21st-century community learning centers
- Public health services, such as health and nutrition training or services, community health centers for free or low-cost immunizations and/or well-child checkups, mental health organizations, and support groups
- Workforce programs and Temporary Assistance for Needy Families (TANF) programs (as with CCDF, these programs help low-income families obtain economic self-sufficiency and can greatly increase a family’s wellbeing)
♦ Public education agencies, such as the local school districts, the local Bureau of Indian Education (BIE) schools, or local colleges

♦ Services for children who may have developmental, cognitive, or physical disabilities, such as programs under Section 619 and Part C of IDEA (access to developmental screenings and early intervention services, special education services for children over age three, and or programs for children and families who are homeless, including information about local shelters and information about federal housing programs, such as the resources found at Housing and Urban Development)

♦ Financial literacy training, such as materials available through Head Start

On a final note, cost allocation and coordination enhance Tribal and state relationships and consultation processes in the development of CCDF Plans. This can be challenging, so the next slide will review some steps to help guide you.
The cost allocation process generally includes six steps:

1. Clearly define what, where, and how the Tribe provides services, including eligibility and enrollment status.
2. Identify what costs need to be allocated.
3. Determine the method (or methods) for allocating the costs.
4. Perform the allocation and enter the data into the accounting records.
5. Periodically track the allocations by monitoring the levels of program expenditures and comparing them to the total revenue available for child care, Head Start, and other early care and education programs.
6. Periodically review the methods for consistency and accuracy.

Test several cost allocation methods in the planning stage, and then select the one that is the simplest, most straightforward way of allocating costs, considering all partnerships. Allocations may be expressed as a percentage of children, percentage of employees, child hours, child days, or some other equitable method. For facilities or occupancy costs, the likely choices for allocation would include number of children, child hours, and square feet. Remember, costs that need to be allocated are those shared by more than one program, but not necessarily all programs, of the Tribal Lead Agency.

Tribe Lead Agencies should discuss the procedure it elects to follow with the appropriate Administration for Children and Families (ACF) Regional Office to ensure that it is consistent with applicable policy requirements.
To discuss cost allocation planning, consider potential partnerships and determine some best methods for cost allocation, especially if your construction project is intended to benefit more than one program.

Some important considerations to remember regarding cost allocation include being:
♦ Written and documented
♦ Reinforced by accounting records
♦ Comprehensive, covering all costs, both direct and indirect, that are to be allocated
♦ Followed consistently
♦ Monitorable, meaning that programs must be able to review the plan as the year progresses
♦ Auditable (the Tribal auditor should be the primary reviewer).

Remember, the key to allocating staff costs appropriately is the information contained in the time keeping records. Details of the activities of employees should meet four standards: they must reflect an after-the-fact distribution of the actual activity of each employee, they must account for the total activity of each employee for which they are being prepared, they must be prepared monthly and must coincide with one or more pay periods, and they must be signed by the employee. Be sure to be keeping track of timesheets and payroll records.

Guiding Questions:
♦ Do you have staff costs or other expenses that are shared between programs? Which programs benefit? What is the degree of that benefit?
♦ Do you have a written cost allocation plan yet? Have you determined the program costs
(examples: salary of program coordinator, teaching staff, center/classroom supplies) versus those that are administrative (examples: salary of executive director, fiscal director, admin staff, and office supplies that support admin functions)?

♦ Does your cost allocation plan include indirect costs? If not, have you obtained a negotiated indirect cost rate or adopted the 10% *de minimis* rate?

♦ What system have you implemented to allocate the cost of shared staff?

♦ How do you document the allocated costs of shared staff?

♦ Have you logically grouped shared expenses into broad categories and those that are not shared? For example, Personnel (pay and fringe benefits), Facilities (grantee-owned, leased, or donated), Equipment (buses), Service Contracts (janitorial), or other shared expenses?

♦ Have you then determined how your program operates and how shared expense allocations will vary within the categories you grouped (examples: hours worked, children served, services provided, exclusive square footage, common areas, number of FTE, computer, telephones, and transactions)?
Any Questions?
There is no typical financing strategy for an early care and education facility. Each project relies on its unique set of organizational strengths, opportunities, and relationships, as well as on site-specific funding possibilities. Often, a program will need to be creative in the way it assembles funds from a variety of sources, including public and private (corporations, individuals, and foundations) and in the form of grants and loans, before it can proceed with a facility improvement project. If you are using any Head Start funds, make sure you comply with Head Start regulations found in 45 CFR 1303 Subpart E. Among other things, these regulations govern the way you use funds to pay off any mortgage principal or interest. Remember the specific regulations that govern Head Start facilities and that these regulations characterize any debt service payments as an ongoing purchase. Before we continue, let’s address what is meant by debt service. Debt service consists of the amount of money in both principal and interest that you pay on a loan over a period. Debt service is typically calculated for a year. For example, if your center borrows $100,000 at 9 percent interest for 10 years, the principal and interest (that is, the debt service) for the first year is $6,333.79.

**Financial Assets:** If a program is vacating a building it owns, selling the existing location can generate financial resources that may be used to help cover the cost of a new facility. If there is a federal interest in the building being sold (for example, if it was purchased with the help of Head Start funds), the funding organization will need to grant its approval for the sale. Also, any federal dollars invested in that original property will have to be accounted for and included in the calculation of federal interest when the property is sold. Some grantees have access to unrestricted financial assets that they can use to cover the capital costs of a new or improved facility. An accountant can help you determine whether it is advisable to tap your organization's
accumulated savings or investments for this purpose. A new or newly renovated facility can be a valuable organizational asset and a smart, long-term investment, as long as it does not leave the organization short of working capital or without a comfortable cushion to address any unforeseen financial needs that may arise.

**Loans:** Debt is a necessary component of most plans for financing major capital investments. A loan and the burden of the accompanying debt fills the gap between the total cost of the project and the grants and donations that can be used. Taking out a loan and accruing debt enables an organization to spread capital costs over many years. This is a commitment that your governing body needs to make with a full understanding the repercussions of incurring debt. By requiring the payment of only a portion of the cost each year, rather than the entire amount upfront, loans make capital expenditures more affordable. However, spreading the cost over multiple years only works if there is the income available to pay the monthly principal and interest payments over those years. In other words, grantees should never borrow more than their income can support. Your fiscal expert on your governing body can guide the organization’s leadership on this decision.

**Grants and Gifts:** For many non-profits, grants and gifts can be a significant source of capital funding. Sources of grants and gifts fall into four categories: public sector, foundation, corporate, and individual.

The next few slides will take a closer look at loans and grants.
What are some helpful financing practices, characteristics, or tips you are aware of? To get you started, some that come to my mind are:

♦ Being courageous in order to overcome inevitable challenges
♦ Being well organized
♦ Having a good relationship with your bank as a Tribal Lead Agency
♦ Being good at paperwork (there are many different and exacting reporting requirements, and any single source of financing will probably be only one of many sources of revenue for your project, each of which will invariably have its own set of complicated reporting standards)
♦ Having connections, especially to the right people
♦ Being willing and eager to stay in contact with key players to produce the results you want
As you carry out your facility project, the capital budget will probably be your major focus. However, it is equally important to be able to present a viable operating budget that anticipates facility-related occupancy costs in addition to program-related expenses. Even if you can raise the necessary capital, you need to know that your program or organization will have enough annual income to cover ongoing occupancy costs. You must be able to address this concern for two reasons:

1. You never want to move into a facility only to later discover you can’t afford it.
2. If you are seeking a loan, your lender will require a projected operating budget that includes your occupancy costs in the new facility. This requirement is part of the standard loan-approval process. The lender will carefully analyze this projected budget and the assumptions behind it to assess your ability to repay the loan. Also, remember that you must be able to demonstrate that it is more cost-effective to purchase, construct, or renovate a facility than to lease space. Thus, you must be able to quantify ongoing occupancy costs.

A new facility can also impact a program’s operating budget in many ways. You’ll want to consider the following questions as you project these expenses:

**Income**
- How will the new facility affect program income?
- Will you serve more children or fewer?
- Will the ages of children be the same or different?
- Will there be income from tenants in the building?

**Expenses**
♦ Will the configuration of the new space enable the grantee to staff its program more efficiently?
♦ Will you have a commercial kitchen in the new facility that will enable you to prepare meals on-site rather than have them catered?
♦ Will transportation costs increase or decrease?
Along with income and expenses, you’ll especially want to consider ongoing occupancy costs in your new facility, keeping in mind that many facility-related expenses vary with the building’s size, financing, and energy efficiency, among other things. Also, since a multi-year operating budget will be needed, Tribal Lead Agencies should make projections about the rate at which income and expenses are likely to rise over the years.

♦ Depreciation: If your previous space was rented, you may not be familiar with the issues related to depreciation. As any building ages, it wears out and therefore loses some of its value each year. Although it is not a cash outlay, depreciation does represent some degree of financial loss.

♦ Mortgage or Rental Payments: These are generally the largest, most obvious, and most straightforward costs to estimate. Review your lease carefully to determine what your liability will be each year during the term of the lease.

♦ Utilities: If a facility is owned (and often even when rented), the occupant pays for the use of electricity, gas, fuel oil, water, and telephone. Future utility expenses are usually estimated on a per-square-foot basis. Contact your utility companies for advice about these kinds of annual costs.

♦ Property/Liability Insurance: If your organization owns the facility, you will insure it so that it is covered in the event of unforeseen losses due to fire, lightning, vandalism, and more, and against civil damages arising from injuries occurring on the property. This insurance represents an additional expense.

♦ Maintenance and Repair: Since buildings include many specialized systems, their maintenance is often handled through service contracts. This makes estimating the costs.
relatively easy. Typically, service contracts can be secured for heating, ventilation, and air conditioning (HVAC), pest control, fire alarm and sprinkler systems, and janitorial, landscaping, and snow removal services. To project these annual expenses, you simply need to look at past accounting records (to determine trends) and current service contracts.

♦ Taxes: Sometimes, as a nonprofit organization, the early care and education organization that owns a property is exempt from paying property taxes. However, when that is not the case, the occupancy budget should include an allowance for tax payments. Also, if the program is in rented space, many commercial lease agreements include a tax escalation clause requiring tenants to pay their pro-rated share of any increase in the owner's property tax liability.

♦ Replacement Reserve: Since depreciation is the accounting process for recognizing the impact of normal wear and tear on a building, property owners should also maintain a reserve to replace the building systems as they wear out. One way to do this is to make a practice of annually setting aside a portion of the organization's unrestricted net assets equivalent to the cumulative depreciation so that funds are available over time to replace capital equipment, such as the HVAC and the roof.

♦ Lastly, for Tribal Lead Agencies that include a facility or property manager on their staff, the relevant payroll expenses will need to be included in the operating budget.
Tribal Lead Agencies proposing to use federal Child Care and Development (CCDF) funds in whole or in part for construction or major renovation must submit the Real Property Standard Form SF-429 cover page and Attachment B. This form must also be submitted on an annual basis. The cover page provides general grantee information, and Attachment B is the request to acquire, improve, or furnish. These documents must be submitted along with the additional information required by the Final Rule and supplemental written application whenever a grantee is seeking ACF approval to use CCDF Funds for construction or major renovation. For further guidance regarding procedures to access and submit the Real Property Standard Form (SF)-429 electronically, reference the policy guidance at https://www.acf.hhs.gov/occ/policy-guidance/ccdf-acf-pi-2017-06-attachment.
Tribal Lead Agencies must submit their ACF-696T electronically through Online Data Collection. Tribal Lead Agencies with OLDC assigned may access the system through their GrantSolutions account by logging in at https://home.grantsolutions.gov/home/.

- Tribal Lead Agencies without OLDC assignments may access the system after submitting the OLDC Request Form to the appropriate ACF Regional Office contact or directly to help@grantsolutions.gov.

OLDC Access (Electronic Submission of 696T Report)

Tribal Lead Agencies must submit their ACF-696T, Real Property Standard Form SF-429 cover page, and Attachment B electronically through the Online Data Collection system (OLDC). OLDC reduces paperwork, allows for quicker processing, automatically completes required calculations, and checks for potential errors.

The OLDC Request Form can also be found attached to the 2020 Program Instruction (PI). Please remember to submit an OLDC Request Form for each staff person who will play a role in using OLDC.

As with all CCDF funds, it is important to have good record keeping and reporting processes in place. With a construction and major renovation project, additional record keeping and reporting requirements come into play. How will you keep a record of the construction and major renovation expenditures and report them to the Office of Child Care? Deciding on the process during the planning phase will help keep your finance department on track.

To get started, follow these steps:

1. To access the OLDC, open an Internet browser window (preferably Internet Explorer version 6.0 or higher) and type [https://home.grantsolutions.gov/home/](https://home.grantsolutions.gov/home/). For quicker access, add the GrantSolutions login screen to the browser’s Bookmarks or Favorites.

2. The GrantSolutions “Home” page appears. Click the LOGIN button.

3. The GrantSolutions “Portal” screen appears. From the menu bar, click OLDC to open the Online Data Collection “Home” page in a new window. If you don’t see the OLDC menu option, you may be in the new home page view. You can toggle the GrantSolutions home view to the older version and then click on the OLDC menu option.

4. The Online Data Collection “Home” page will then appear. If you don’t have access, you will get a notification.

If you don’t have access, let your Regional Office Program Specialist know. Then, promptly complete and submit the **OLDC Request Form** to [help@grantsolutions.gov](mailto:help@grantsolutions.gov) and CC your ACF Regional Office contact. The form can also be found attached to the 2020 PI. Remember to save the case number that you will receive from [help@grantsolutions.gov](mailto:help@grantsolutions.gov) for reference. If you are experiencing issues, you may send another email to [help@grantsolutions.gov](mailto:help@grantsolutions.gov).
Remember, a Data Entry staff and another staff who is the authorized official are necessary to certify and submit any reports.

If you are not sure if you have access to the OLDC site, do not wait until the last minute to complete the “OLDC Access Request Form.” Please log in early and test it out.
This process can seem daunting. To help ease the process, consider this action planning template. It can be printed out and used as a place to write down action planning steps around budget development, cost allocation, and estimating future costs.

For example, one goal could be to have a completed budget for your project. The action steps to get there could include:

♦ meeting with your architect, project manager, or contractor to determine the costs of the facility or renovation based on the designs
♦ meeting with your finance department or facilities manager to estimate the ongoing costs of operating the new facility

These actions will also provide you with the necessary information to complete component 11 on the application checklist.
Any Questions?
Session 5: Development of an Approvable Construction or Major Renovation Application

During this session the participants will explore the timelines, required information as it relates to the Program Instruction and Attachment D, and steps needed prior to the submission deadline. Opportunities for discussion and brainstorming with peers will be provided.
We also want to share some resources to explore as you prepare for our next session.
Resources to Explore

A resource to spotlight is the *Financing and Budgeting for Early Care and Education Facilities Guidebook*. This resource will provide you with answers to many of your questions around construction or major renovation budgeting and financing.
Resource Spotlight

- Fiscal Waiver Request Dear Colleague Letter
- Available by requesting further information from your regional office (RO)

The Administration for Children and Families has made the decision that Tribal Lead Agencies may apply for temporary fiscal waivers to extend certain obligation and liquidation deadlines, due to extraordinary circumstances. Your Tribal leader should have received this official correspondence.

For more information on waivers, please reach out to your Regional Program Specialist.
A resource to spotlight is the *Financing and Budgeting for Early Care and Education Facilities Guidebook*. This resource will provide you with answers to many of your questions around construction or major renovation budgeting and financing.
Poll Question

Has the information provided today increased your knowledge of the topic?
♦ Yes
♦ No
Discussion

Do you have any suggestions for improvement?
Please share your responses in the chat box.
Contact Us

♦ Tribal Child Care Capacity Building Center (TCBC): https://childcareta.acf.hhs.gov/centers/tribal-child-care-capacity-building-center

♦ Send your questions and requests to: tcbc@mn-e.com or call 1-844-710-TCBC (8222)

♦ OCC Regional Contacts: https://www.acf.hhs.gov/occ/contact-information/office-child-care-regional-program-managers

Remember, you can request technical assistance through the TCBC or your Regional Program Specialist.
Thank You!

The Tribal Child Care Capacity Building Center, A Service of the Office of Child Care

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