ACF Administration for Children and Families	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
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	3. Originating Office: Office of Child Care	
	4. Key Words: Child Care and Development Fund (CCDF); disaster recovery, supplemental funds, 2023 and 2024 disasters	

PROGRAM INSTRUCTION

To: Eligible state, territory, and Tribal Lead Agencies administering child care programs under the Child Care and Development Fund (CCDF) program, as amended, in areas affected by major disasters and emergencies declared in 2023 and 2024.

Subject: Disaster Supplemental Funds for Child Care – 2023 and 2024 major disasters and emergencies.

References: The Child Care and Development Block Grant (CCDBG) Act (42 U.S.C. 9857 *et seq*); 45 CFR Parts 98 and 99; American Relief Act, 2025 https://www.congress.gov/118/bills/hr10545/BILLS-118hr10545enr.pdf (P.L. 118-158).

Purpose: 1) To provide information to eligible state, territory, and Tribal Lead Agencies regarding the availability and distribution of disaster supplemental funds, and 2) to provide guidance on allowable activities, how to apply, notice of federal interest, obligating and expending funds, reporting requirements, grantee monitoring and other requirements.

Background: The American Relief Act, 2025 provides $250 million in supplemental CCDF funding for necessary expenses directly related to the consequences of major disasters and emergencies declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) occurring in 2023 and 2024[1]. The Administration for Children and Families (ACF) determined that these funds will be used for child care recovery grants to state, territory, and Tribal Lead Agencies administering the CCDF program in areas affected by those disasters and emergencies.

Distribution of Funds

The American Relief Act, 2025 requires ACF to distribute the child care disaster supplemental funding to eligible states, territories, and Tribes based on assessed need, notwithstanding the allotment formula set forth in the CCDBG Act. Award amounts will be determined based on

[1] FEMA disaster declarations

assessed need as demonstrated in the applications submitted to the Office of Child Care (OCC) at ACF, subject to the availability of funding. See *How to Apply for Funds* and *Review Process and Funding Decisions* for additional information.

Allowable Activities

These supplemental funds must be used for necessary child care recovery expenses directly related to the consequences of major disasters and emergencies declared in 2023 and 2024, including activities authorized under section 319(a) of the Public Health Service Act (42 U.S.C. 247d(a)).[2] While funds cannot be used for the sole purpose of preparing for future disasters, recovery projects may have a collateral benefit of better preparedness for future disasters. These funds may be used for alteration, renovation, construction, equipment, and other capital improvement costs needed for child care recovery, including for child care facilities, and for other allowable expenditures related to child care, as necessary to meet the needs of areas affected by major disasters or emergencies declared in 2023 and 2024. Section 658F(b) of the CCDBG Act (42 U.S.C. 9858d(b)) – which ordinarily prohibits states and territories from expending *regular* CCDF funding for the purchase or improvement of land, or for the purchase, construction, or permanent improvement (other than minor remodeling) of any building or facility – does not apply to these disaster supplemental funds. ACF encourages state, territory, and Tribal Lead Agencies to consider this an opportunity to address issues of child care supply in affected areas through renovation and construction of new child care facilities, or purchasing of land or existing facilities. Further, the supplemental appropriations law specifically allows these funds to be used for reimbursement of expenses incurred prior to the date of enactment of the law. Lead Agencies may request reimbursement for expenses incurred related to the impact of the disaster or emergency that were not covered by other federal funds or insurance.

Lead Agencies should consider the recovery needs of all impacted child care providers, regardless of participation in the child care subsidy program**.** This could include family child care providers, center-based child care providers, license-exempt providers, and non-profit and for-profit organizations. Organizations providing child care in Head Start settings may be eligible as well.

ACF anticipates that Lead Agencies' funding requests will fall into one or more of the following categories:

(1) *Construction, Major Renovation or Alteration*

This category includes construction, major renovation, or alteration of facilities, which could include child care facilities or administrative buildings, or outdoor play spaces, including other capital improvement and planning expenses (e.g., assessments, architectural or engineering services, requests for bids). Lead Agencies should make a thorough assessment of their temporary and long-term facility needs, including outdoor play areas.

(2) *Materials, Supplies, Furnishings, Vehicles, and Equipment*

[2] Section 319(a) of the Public Health Service Act authorizes "such action as may be appropriate to respond to the public health emergency, including making grants, providing awards for expenses, and entering into contracts and conducting and supporting investigations into the cause, treatment, or prevention of a disease or disorder as described in paragraphs (1) and (2)."

This category includes all costs necessary to purchase or replace lost or damaged operating supplies, materials, furnishings, or equipment, such as curriculum resources or generators. Reviews of losses should include indoor and outdoor play areas, kitchens, program and administrative offices, and any other service areas. Costs may support supplies, materials, equipment, and furnishings needed to support the delivery of temporary services or facility activities until program services can be fully restored.

(3) *Other Child Care Supply Building*
This category could include other activities to increase the supply of child care in impacted areas. For example, Lead Agencies may consider providing start-up grants to incentivize new child care providers, providing technical assistance on child care business practices, supporting family child care networks, supporting unlicensed providers to become licensed, providing bonuses for providers in underserved areas, doing outreach to providers who may have closed, or expanding the use of grants and contracts for child care services.

(4) *Mental Health Consultation or Services*
This category could include the costs of providing training and materials to child care providers on trauma-informed practices or contracting with qualified practitioners to expand existing mental health supports for children, families, and/or child care staff. This includes supporting culturally appropriate and traditional healing practices in Tribal communities.

(5) *Quality Improvement Activities*
This category could include providing materials and technical assistance to restore licensing compliance, offering trainings, certifications, and other professional development opportunities for staff, as well as other materials or services that improve the quality of services to children and families in child care programs.

(6) *Direct Services for Eligible Children*
This category could include reimbursement for costs to extend eligibility or to cover copayments for impacted families.

Allowable activities are not limited to the activities listed above, as it is not possible to identify in advance all the circumstances in which these disaster assistance funds may be needed. Therefore, Lead Agencies may expend disaster supplemental funds for any other allowable CCDF activity that addresses the needs of impacted communities and that are directly related to the consequences of the major disaster or emergency for which the Lead Agency is requesting these funds. Disaster recovery needs identified may not fully reflect how services were delivered prior to the disasters but should be responsive to the current community needs.

These funds are not available for costs reimbursed by FEMA, or under a contract for insurance, or by self-insurance. Additionally, the law indicates that the following requirements do not apply: 1) minimum quality expenditure and infant and toddler quality expenditure requirements at 658G of the CCDBG Act (42 U.S.C. 9858e), 2) the administrative cost cap at 658E(c)(3)(C) (42 U.S.C. 9858c(c)(3)(C)), and 3) the direct services expenditure requirement 658(c)(3)(E) (42 U.S.C. 9858c(c)(3)(E)).

How to Apply for Funds
To be considered for these funds, eligible state, territory, and Tribal Lead Agencies must submit a cover letter signed by the Lead Agency official, and an application that includes the information below.

(1) Name of the state/territory/Tribe, and name of CCDF Lead Agency.

(2) The relevant major disaster(s) or emergency declaration(s) under section 401 or 501 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170 and 5191) that impacted the state, territory, or Tribe, for which the applicant is requesting these funds.

(3) A detailed description of the affected area, including impacted counties, number and type of child care facilities damaged or closed, and approximate number of children or child care slots impacted.

(4) A detailed description of the impact on children, families, staff, and child care services, including impact on the availability of child care services that meet families' needs, impacts on children, family, and staff mental health as applicable, child care supply, and child care quality.

(5) A description of each proposed activity by the categories listed below. Included in the description should be an estimate of the amount of funds needed for each activity, and a projected timeline for execution and completion of each activity, including the major activities within each phase. *Eligible applicants should engage in a comprehensive assessment of programmatic and community needs that consider the immediate, interim, and long-term impacts and associated costs resulting from these disasters.*

   a) Construction, major renovation, and alteration (*See Attachment A: Additional Requirements to Request Funds for Construction or Major Renovation)_*
   b) Materials, supplies, furnishings, vehicles, and equipment
   c) Other child care supply building
   d) Mental health consultation or services
   e) Quality improvement activities
   f) Direct services for eligible children
   g) Other

(6) Information on previous expenses incurred related to the impact of the disaster or emergency on the CCDF program that were not covered by other federal funds or insurance, for which reimbursement is requested (if applicable).

(7) Total amount of funds requested for each disaster or emergency.

NOTE: A Lead Agency may request funding to address the impacts of more than one covered disaster or emergency using a single application, as long as all required information is provided for each disaster.

This information must be submitted to occdisasterrecovery@acf.hhs.gov by **September 15, 2025.**

Review Process and Funding Decisions
ACF will conduct a thorough review of all applications received by the above due date. In determining final award amounts, priority will be given to applications that demonstrate the highest need and highest level of impact on child care providers and availability of child care services that meet families' needs as described by the eligible Lead Agency. ACF will review data provided in the applications on the area(s) affected by the disaster or emergency, impacts on child care providers, including the extent of the damages to facilities and numbers of providers closed, the number of child care slots impacted, and impacts on the availability of services. ACF will also consider how closely the applicant connects the proposed projects to be implemented with the funds to the impacts of the disaster/emergency.

Obligating and Expending Funds
Lead Agencies must follow the applicable obligation and liquidation periods when expending and accounting for the supplemental funds. Funds will be awarded by **September 30, 2026.** Lead Agencies will have three years to obligate the funds, until **September 30, 2029**, and one additional year to liquidate the funds, until **September 30, 2030**.

Reallotment of Supplemental Disaster Funds
State and Tribal Lead Agencies must notify ACF by April 1, 2029, if they will be unable to obligate any part of their disaster supplemental funding allotment so that unobligated funds may be reallotted to other eligible Lead Agencies. In accordance with 45 CFR 98.64, in most cases, unobligated state funds identified by the April 1 deadline will be reallotted to other states in the manner of their original allotments, and any unobligated Tribal funds will be reallotted to other Tribes. Any funds not liquidated within the four-year period, by September 2030, will revert back to the Federal government.

Reporting Requirements
States and territories must submit quarterly expenditure reports on the ACF-696 Financial Reporting Form for CCDF State & Territory Lead Agencies, and Tribes, with the exception of those that have consolidated their CCDF program into an approved Public Law 102-477 Plan, must submit annual expenditure reports on the ACF-696T Financial Reporting Form for CCDF Tribal Lead Agencies, until the supplemental funds are fully expended or expire. Lead Agencies are required to provide programmatic updates on the use of funds; guidance on this requirement will be provided later. Additionally, depending on the type of activities the Lead Agency undertakes with these funds, a CCDF Plan amendment may be required, particularly if the activity results in a significant change to the Lead Agency's child care program or services. Additional requirements related to real property reporting requirements for construction/major renovation projects are explained in **Attachment A.**

Monitoring
ACF will monitor the Lead Agencies' compliance with applicable statutory and regulatory requirements for these funds by reviewing CCDF Plans and expenditure reports. Additionally, ACF may issue additional monitoring protocols and may use on-site monitoring reviews to ensure compliance.

Questions
Please direct questions to occdisasterrecovery@acf.hhs.gov and the Child Care Regional Program Manager (RPM) in the appropriate ACF Regional Office.

Resources
- American Relief Act, 2025
- CCDF Regulations
- Child Care and Development Block Grant Act (2014)

Anne-Marie Twohie
Acting Director
Office of Child Care

Attachments:

A – Additional Requirements to Request Funds for Construction or Major Renovation
B – Compliance with the National Environmental Policy Act
C – Compliance with the National Historic Preservation Act
D – Sample Notice of Federal Interest

Attachment A

Additional Requirements to Request Funds for Construction or Major Renovation

I. Background

The American Relief Act, 2025 (P.L. 118-158) allows eligible Lead Agencies to use the supplemental funds for alteration, renovation, construction, equipment, and other capital improvement costs, including for child care facilities. Section 658F(b) of the CCDBG Act (42 U.S.C. 9858d(b)) – which prohibits states and territories from expending *regular* CCDF funding for the purchase or improvement of land, or for the purchase, construction, or permanent improvement (other than minor remodeling) of any building or facility – does not apply to these supplemental funds. ACF encourages Lead Agencies, including states and territories, to consider this an opportunity to address child care supply through renovation, construction of new child care facilities, or purchase of existing facilities in the areas impacted by a major disaster or emergency occurring in 2023 and 2024. ACF further encourages Lead Agencies to focus on infrastructure improvements and upgrades that promote climate-resilient facilities to increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property. Lead Agencies are encouraged to make a thorough assessment of their temporary and long-term facility needs, including outdoor play areas.

Eligible Lead Agencies must demonstrate that the property requests are directly related to the consequences of the major disaster or emergency for which the Lead Agency is requesting funding. **Funds cannot be expended for construction or major renovation costs until ACF approval is granted**.

II. Applicability

The procedures and requirements described in **Attachments A, B and C** apply to state, territory, and Tribal CCDF Lead Agencies that intend to use all or part of their disaster supplemental funds allocation for construction or major renovation, or the purchasing of land or existing facilities. Lead Agencies will describe their plans for *minor* renovations or alterations according to the procedures described in the ***How to Apply for Funds*** section above.

> ***Construction*** means the building of a facility that does not currently exist (45 CFR § 98.2). Examples of construction include but are not limited to, the creation of a building, structure, or facility, including the installation of equipment, site preparation, landscaping, associated roads, parking, environmental mitigation, and utilities, which provides space not previously available. It includes freestanding structures, additional wings or floors, enclosed courtyards or entryways, and any other means to provide usable space that did not previously exist (excluding temporary facilities).
>
> ***Major renovation*** is any renovation with a cost equal to or exceeding **$350,000** in federal CCDF funds for child care centers and **$50,000** in federal CCDF funds for family child care homes, with annual adjustments for inflation posted on the OCC website. Renovations that exceed these thresholds but do not make significant changes to the

structure, function, or purpose of the child care facility while improving the health, safety and/or quality of child care services are considered minor renovation.

Minor renovation includes all renovation or alteration other than major renovation or construction, as defined above. Examples of minor renovation include but are not limited to, upgrading playgrounds, renovating bathrooms, installing railing, ramps, or automatic doors to make the facility more accessible without any structural change impact. Eligible Lead Agencies do not need to request or receive approval to spend CCDF funds on minor renovation.

The term ***renovation*** as used in this **Attachment A** refers to **major renovation**.

As a part of its application, a Lead Agency may request to use disaster supplemental funds for the cost of amortizing the principal and paying interest on loans for construction or major renovation. Recipients must request and obtain approval before incurring these costs. This requires Chief Grants Management Officer (CGMO) approval, which may delay the project. Recipients that proceed without the proper approval do so at their own risk. ACF is not bound to unauthorized decisions, unallowable costs, and/or risky terms. For more information, see **Sections V**, **VII**, **X**, as well as Real Property Guidance.

For purposes of these procedures, the terms ***mortgage***, ***loan***, and ***deed of trust*** refer to any agreement or instrument used to finance or secure financing for the construction or major renovation of facilities with disaster supplemental funds.

Lead Agencies may request to use disaster supplemental funds to pay for the costs of the construction or major renovation of a modular unit, including the costs of buying and installing the unit, if the unit is fixed to the land (for example, placed on a foundation and permanently connected to utility lines). These are classified as real property (please note: a modular unit that is moveable, not fixed permanently to the land, is classified as equipment and not subject to the Real Property requirements). If a Lead Agency is requesting funds for modular units classified as real property, it must also provide a cost comparison of the life of the modular unit compared to the construction of a more permanent structure, such as a brick-and-mortar building.

A ***Modular unit*** is a portable structure made at another location and moved to a site for use by a Lead Agency to carry out a CCDF program (45 CFR § 98.2). It may be classified as equipment or real property. Categorization of the property depends on the determination of whether the unit is intended to be used as equipment or to be fixed to the land in such a way that it becomes a permanent structure. Modular units intended to be "fixed" rather than "moveable" must be classified as real property.

If a Lead Agency is requesting funding for more than one facility, it must seek ACF approval for *each* project (even if the projects use identical plans and specifications). However, a Lead Agency may use a single application to seek approval for more than one project, as long as all required information is provided for each project.

III. Pre-Application Activities

Before applying to use disaster supplemental funds for construction or major renovation, a Lead Agency shall conduct a community needs assessment to determine the need for construction or major renovation. ACF has not prescribed a specific format or content for the community needs assessment; however, the assessment should be designed to determine if there is a need to construct or renovate a child care facility and, if so, how the facility can be developed in a manner that best meets community needs. This process might involve:

- assessing the condition and adequacy of existing facilities
- examining the current need for child care in the community (including population demographics, type of child care meets the needs of the community)
- projecting whether the need for child care is likely to continue or change in the future
- determining the best location and evaluating the site for the proposed facility(ies)
- determining the size of the facility(ies) based on community needs and available resources
- estimating start-up and operating costs for the facility and evaluating whether adequate resources exist to meet these costs

Lead Agencies should consult with their OCC Regional Office early in the process to discuss any proposed plans prior to submitting a written application.

IV. Application Requirements

Lead Agencies using disaster supplemental funds for construction or major renovation projects must submit the below information:

(1) A description and map of the site(s) on which the facility(ies) is (are) proposed to be constructed or where major renovations are proposed, and an explanation of the appropriateness of the location in relation to the Lead Agency's service area and the community needs assessment.

(2) Certification from an architect or engineer that the plans and designs for the building(s) are sound, as required by the Lead Agency's policies.

(3) A description of the facility as it will be after construction or major renovation is complete, including:

a) information on the size and type of structure.
b) the number and description of rooms.
c) the lot on which the building is located (including the space available for a playground and for parking).
d) the number of children the facility will serve and their age group.

For major renovation requests, describe and identify the current condition of the facility, as well as the proposed renovations.

(4) A description of the aspects of the building(s) and physical premises that will ensure children's health and safety (e.g., appropriate diaper changing and hand washing areas; sufficient heating, cooling, and ventilation; secure storage space for any hazardous materials; smoke detectors or other fire warning devices; adequate exits in case of emergency; etc.)

(5) A description of the elements of the facility(ies) that will help create a developmentally appropriate learning space (e.g., child-sized plumbing fixtures, low windows for children to look out, sufficient play space, age-appropriate play structures, art, etc.). The Lead Agency is encouraged to hire an architect or other expert who has experience in designing spaces for infants, toddlers, and children.

NOTE: A Tribal Lead Agency may describe the culturally significant elements, if any, in the facility's design or major renovation (e.g., use of certain building materials, landscaping, play space).

(6) A proposed time schedule for each major activity of the construction or major renovation and occupancy of the facility(ies). This schedule may be estimated and listed by month.

(7) The intended uses of the facility(ies) proposed to be constructed, or on which major renovations are proposed, and information about the percentage of floor space that will be used 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 Lead Agency must state what portion of the facility is to be used for such other purposes. 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 (45 CFR Part 75 Subpart E). The costs must be allocated to programs benefitting from the facility based on usage.

(8) Documentation of all other sources and uses of non-CCDF funds for the construction or major renovation, including any restrictions or conditions imposed by other funding sources. The documentation must include a cost allocation plan for any other facility that is shared with the other programs.

(9) The terms of any proposed or existing loan(s) related to the construction or major renovation of the facility and the repayment plans (detailing balloon payments or other unconventional terms, if any).

NOTE: Any loan or mortgage agreement, including a deed of trust, or any other instrument used to finance the construction or major renovation secured by the property (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 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 Lead Agency, as if such payment of money or performance had been made by the 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 Lead Agency, which shall assume all the obligations of the Lead Agency under the loan (see Section VIII for more information).

(10) An estimate of the total cost of the proposed construction or major renovation. The estimate must provide a breakdown by facility and major cost category, such as: demolition and removal; site work; general construction/major renovation; plumbing; heating, ventilation, and air conditioning; electrical; equipment; architectural and engineering fees. Provide a copy of written documentation, such as a written estimate prepared by a licensed architect or engineer, to support the cost estimate.

a) Estimated <u>one-time costs</u>, including:

1. Planning costs
2. labor, materials, and services necessary for the functioning of the facility
3. down payment
4. professional fees
5. moving expenses
6. cost of site preparation
7. initial equipment for the facility (equipment means items that are tangible, nonexpendable personal property having a useful life of more than five years)

b) An estimate of <u>ongoing costs</u> 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 major renovation, the Lead Agency should carefully consider whether it would have sufficient funds to cover ongoing costs necessary to operate the facility after the construction or major renovation is completed and the impact on the Lead Agency's ability to meet its child care services obligations.

FOR MODULAR UNITS ONLY: Provide a cost comparison of the life of the modular unit compared to the construction of a more permanent structure, such as a brick-and-mortar building.

(11) **FOR TRIBAL LEAD AGENCIES ONLY:** A statement of the amount of construction or major renovation costs that will be paid with other CCDF funds listed separately by the Federal fiscal year in which the CCDF funds become available. It is important to ensure funds are available for use in the Payment Management System (PMS).

NOTE: The application procedures described in this Program Instruction apply only to disaster supplemental funds. A Tribal Lead Agency using regular CCDF funds for construction or major renovation must use the normal process. The Tribal Lead Agency should consult the OCC Regional Office for additional guidance. See Procedures for Requests from Tribal Lead Agencies to use CCDF Funds for Construction or Major Renovation of Child Care Facilities.

(12) A statement of who owns the land on which the facility is/will be located. A Lead Agency may use these disaster supplemental funds to purchase land on which to construct a child care facility. If the Lead Agency proposes to construct or renovate a facility located on land that it does not own, the Lead Agency must describe and provide a copy of the easement, right of way or land lease it will obtain or has obtained to allow it undisturbed use and possession of the facility for the purpose of operating a CCDF program.

NOTE: The land lease or other similar interest in the underlying land must be long enough for the CCDF program to receive the full value of the grant-funded improvements. The term of the lease or other arrangement should in most cases be for a period of years that is at least equal to the estimated useful life of the facility. The lease must contain certain information related to the Federal interest (see **Section VIII**).

(13) **FOR MAJOR RENOVATION REQUESTS ONLY:** The Lead Agency must include a statement indicating whether the Lead Agency owns the facility to be renovated. If the Lead Agency does not own the facility, the application must include information about the owner, a copy of written permission from the owner allowing the proposed major renovation, and a copy of the lease for the facility.

NOTE: If the Lead Agency does not own the facility to be renovated, the Lead Agency must demonstrate that it has secured a lease that will assure the Lead Agency has access to the facility for a reasonable period, 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 major renovation is completed) is required, unless justified. The lease must contain certain information related to the Federal interest (see **Section VIII**).

a) Written assurance that the Lead Agency will provide and maintain competent and adequate oversight and inspection during all phases of the project at the work site to ensure that the completed work conforms to the approved plans and specifications.
b) A description of specific steps the Lead Agency will undertake to ensure adequate oversight and inspection, including the qualifications of personnel who will be performing oversight and inspection tasks.

(14) **FOR LEAD AGENCIES PASSING FUNDS TO SUBRECIPIENTS:** Lead Agencies awarding funds to sub-recipients to undertake construction or major renovation projects should provide the following in their applications:

a) A detailed description of the Lead Agency's policies and processes for soliciting and reviewing applications and awarding funds.
b) A description of the entities to whom the Lead Agency is awarding the funds for construction or major renovation.
c) A detailed description of the Lead Agency's policies and processes for monitoring sub-recipients throughout the planning and building process, including meeting the requirements for pass-through entities set forth at 45 CFR 75.352. This should include the monitoring of expenditures and project completion.

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

a) All applicable licensing and code requirements to ensure the health and safety of the children and child care staff;
b) The access requirements of the Americans with Disabilities Act (42 U.S.C. § 12101 *et seq.*), if applicable;
c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794);
d) The Flood Disaster Protection Act of 1973 (42 U.S.C. § 4002 *et seq.*), if applicable; and,
e) The Earthquake Hazards Reduction Act of 1977 (42 U.S.C. § 7701 *et seq.*), if applicable.

(16) An assessment of the impact of the proposed construction or renovation on the human environment, addressing 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 1500-1508). See **Attachment B** for guidance regarding the National Environmental Policy Act (NEPA).

(17) 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 the Lead Agency is required to submit a complete environmental assessment in accordance with NEPA.

(18) **FOR MODULAR UNIT REQUESTS ONLY:** A statement describing procedures for purchasing the modular unit. This must include a copy of the unit's specifications. See **Section XI** regarding additional requirements for modular units.

V. Fiscal Procedures

Use of Construction/Major Renovation Funds for Other CCDF Activities. If funds approved for construction or major renovation are no longer needed for construction or major renovation, the Lead Agency must submit a written request to OCC. The written request must: 1) specify the amount of funds that will be used for CCDF activities other than construction or major renovation, 2) provide an explanation as to why the full construction amount will not be spent, 3)

include documentation of the status of the construction plans and 4) be signed by the CCDF Lead Agency official. The Lead Agency must receive approval from ACF before funds may be used for other allowable CCDF activities related to the impacts of.

Real Property Reporting

SF-429-B Request to Acquire, Improve, or Furnish: The recipient (and on behalf of subrecipients) proposing to use CCDF funds for alteration, renovation, construction, or other capital improvement costs must submit the Real Property Status Report SF-429 Cover Page and SF-429-B (Request to Acquire, Improve, or Furnish) along with the additional information required by this PI whenever a recipient is seeking ACF approval to use CCDF funds to engage in real property expenditures on child care facilities as defined in 45 CFR § 98.2 and this PI.

Information included in SF-429-B can be cross-referenced in the GrantSolutions Online Data Collection (OLDC) system. Instructions on how to access and submit are available at: https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2017-06 and https://www.acf.hhs.gov/occ/policy-guidance/ccdf-acf-pi-2017-06 attachment

***SF-429-C Disposition or Encumbrance Request*:** The recipient (and on behalf of subrecipients) must submit at closeout and whenever a recipient is seeking ACF approval to sell, transfer, or encumber (mortgage) property subject to a federal interest, including the refinancing of existing indebtedness and subordination of a federal interest to the rights of a lender under 45 CFR § 98.84. SF-429-C implements the requirements for grantees making requests for disposition of real property under 45 CFR § 98.84 (d).

SF-429-A General Reporting: The recipient (and on behalf of subrecipients) must submit a Real Property Status Report, **SF-429-A General Reporting** annually until the federal interest expires in 10 years of the issued award or when formal disposition is completed before the expiration date. A separate Attachment A is required for every parcel of real property subject to a federal interest. This report is due on the same date as the State/Territory Lead Agency's ACF-696 or the Tribal Lead Agency's ACF-696T CCDF Financial Report.

VI. Application Process

Lead Agencies requesting disaster supplemental funds for construction or major renovation **must meet all application requirements described in Attachments A, B and C to use the funds for construction or major renovation projects**. While the Lead Agency should submit the full construction application as soon as possible, OCC acknowledges that meeting all the requirements may take a significant amount of time. At minimum, the Lead Agency must submit the information requested in the ***How to Apply for Funds*** section by the **August 1, 2025** deadline. OCC will work with the Lead Agency to ensure any unmet requirements are fulfilled in a timely manner to enable the Lead Agency to meet the obligation and liquidation deadlines for these funds, and OCC and OGM to conduct a thorough review.

OCC will notify the Lead Agency in writing regarding whether a request is approved. The notification will include a specific amount of disaster supplemental funds that can be used for

construction or major renovation, based on the Lead Agency's cost estimate in its application and ACF's determination of need within the available supplemental funding for all eligible applicants. The Lead Agency may not spend more than the approved amount of disaster supplemental funds on construction or major renovation unless it submits and receives approval for an amended application. However, the Lead Agency may use non-CCDF funds or leverage other monies for construction or major renovation.

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

VII. Protection of Federal Interest

(1) The Federal government has an interest in property that is constructed, renovated, or otherwise acquired with Federal funds. This interest takes the form of restrictions on the use and disposition of the property in accordance with 45 CFR 75.318. Use of the facility constructed or renovated with disaster supplemental 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 75.318. ACF may, at its sole discretion, subordinate its interest in such property to that of a lender that finances the construction or major renovation of the property.

(2) The Federal interest expires in 10 years from the date the award was issued unless formal disposition occurs between this timeframe. *Please note*: To dispose of property before the 10-year expiration, you must compensate ACF for its share before the federal interest is released on the property. For more information, see **Section VIII** and the Real Property Notice of Federal Interest (NFI) guidance, https://www.acf.hhs.gov/grants/manage-grant/property/real-property.

(3) Federal interest provisions will not apply to the renovation or rebuilding of privately-owned family child care homes. Lead agencies should develop parameters on the use of funds for the renovation or rebuilding of privately-owned family child care homes. For example, lead agencies can limit funds for renovation or rebuilding of privately-owned family child care homes to licensed providers or providers that meet Quality Rating and Improvement System (QRIS) benchmarks or other systems of quality. Lead agencies could require providers to demonstrate a history of providing child care services, including participation in the CCDF subsidy program. In addition, Lead Agencies may require providers to sign written agreements indicating that they will use renovated or rebuilt privately-owned family homes for child care purposes for a specified period of time.

(4) At the commencement of construction or major renovation of a facility with CCDF funds, the recipient shall record a Notice of Federal Interest in the appropriate official records for the jurisdiction in which the facility will be located (unless the facility will be located on Tribal lands held in trust by the U.S. Government). See **Attachment D** for a sample Notice**.**

A Notice is not required for a facility on Tribal lands held in trust by the U.S. Government; however, there is still a Federal interest in any facility constructed or renovated with CCDF funds. The Notice must be recorded in the official records and submitted to the OCC Regional Office within ten working days of the commencement of the construction or major renovation. The Notice must include the following information (except for major renovations on leased facilities or construction on land not owned by a Lead Agency):

a) 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;
b) That the use of CCDF funds incorporated conditions which restrict the use of the property and provide for a Federal interest in the property;
c) That the property may not be used for any purpose inconsistent with that authorized by the CCDBG Act and applicable regulations;
d) 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;
e) That these grant conditions and requirements cannot be altered or nullified through a transfer of ownership; and
f) The name (including signature) and title of the person who completed the Notice for the Lead Agency, and the date of the Notice.

(5) In the case of a leased facility undergoing major renovations, the Notice of Federal Interest shall be a copy of the executed lease and all amendments. In the case of a facility to be constructed on land not owned by the Lead Agency, the Notice of Federal Interest shall be the land lease or other document protecting the Federal interest. In the event that filing of a lease is prohibited by law, the Lead Agency shall file an affidavit signed by the representatives of the Lead Agency and the lessor stating that the lease includes terms which protect the right of the Lead Agency to occupy the facility for the term of the lease. The lease or affidavit (as substitute for the lease) serving as a Notice of Federal Interest shall include the following information:

a) The address and legal description of the property;
b) A statement indicating that the grant incorporated conditions which include restrictions on the use of property and provide for a Federal interest in the property for the term of the lease or other arrangement; and
c) A statement indicating that the property may not be used for any purpose during the lease or other arrangement that is inconsistent with that authorized by the CCDBG Act and applicable regulations.

Title to a facility constructed or renovated with CCDF disaster supplemental 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.

VIII. Disposition of Property

CCDF regulations at 45 CFR 98.84 provide that the use of real property purchased or constructed with CCDF funds during its useful life for purposes other than that which the real property was funded, without the prior written approval of ACF, is prohibited. Upon expiration of the useful life of real property purchased or constructed with CCDF funds, please refer to the ACF Real Property Disposition guidance, https://www.acf.hhs.gov/grants/manage-grant/property/real-property. At the Office of Child Care discretion, only two of the three disposition options are available of such property by the Lead Agency:

(1) The Lead Agency could retain title to the property and use their own funds to compensate the Federal government for its share of the fair market value of the real property in accordance with 45 CFR 75.318(c)(1);
(2) The Lead Agency could sell, transfer, or otherwise dispose of the property and use the proceeds to compensate the Federal government for its share of the fair market value of the real property in accordance with 45 CFR 75.318(c)(2);

Before taking any of these actions or using the subject real property for an activity outside the scope of the approved child care activity, the Lead Agency must first submit a written request and receive written approval from ACF. The written request should include the following information:

(1) A description of why the real property is not being used to provide child care services;
(2) A description of what the Lead Agency intends to do with the real property;
(3) A statement identifying any additional funds (other than CCDF) used to purchase or construct this real property; and
(4) As part of the disposition, the Lead Agency is required to complete and submit the SF-429 Cover page, SF-429 Attachment C Disposition Request, and supporting documentation in the GrantSolutions OLDC system, https://www.grantsolutions.gov, for review and approval. If you have any technical issues with OLDC or any of the forms in OLDC, please contact the GrantSolutions Help Desk at 202-401-5282, 866-577-0771, or help@grantsolutions.gov.

NOTE: With respect to determining the Federal share of the fair market value of real property that is being disposed in accordance with 45 CFR 75.318(c), Federal regulations at 45 CFR 75.2 define "Federal share" to mean, "the portion of the total project costs that are paid by Federal funds."

When Federal funds have been used only to contribute to equity in a property, the

calculation of the federal share is determined by dividing the total amount of Federal funds contributed to the construction and/or major renovation of the property divided by the total cost of acquiring and improving the property [i.e., the Federal contribution plus any non-Federal contribution (such as Lead Agency's contribution)]. This percentage is then multiplied by the current fair market value of the property to determine the Federal share, which must be returned to the Federal government in either of the first two options set forth by 45 CFR 75.318 (c).

When Federal funds have been used to pay interest on a loan used to construct and/or renovate real property, the calculation is the same as above, except that Federal funds used to pay principal and interest on the loan shall also be included in the numerator and all principal and interest payments plus the remaining principal balance on the loan shall also be included in the denominator. Thus, the Federal share would be calculated by dividing the total Federal contribution to the construction and/or major renovation costs of the property, including contributions to the equity in the property (e.g., down payments) as well as any principal and interest payments on a loan, divided by the total acquisition, construction, and/or major renovation cost of the property, including contributions to the equity in the property, all principal and interest payments, and any remaining principal balance on the loan. This percentage would then be multiplied by the current fair market value of the property to determine the Federal share, which must be returned to the Federal government in either of the first two options set forth by 45 CFR 75.318(c).

The Lead Agency may submit the request to the OCC addresses listed in Section VII. The Tribal Lead Agency is encouraged to involve its OCC Regional Office early in the process and must discuss with its Regional Office any proposed disposition prior to submitting a written request.

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

The Lead Agency (and on behalf of subrecipients) must request and receive the CGMO approval before moving forward on a mortgage, loan, or other financing arrangement. Per HHS policy, financial arrangements with or without subordination are considered exceptions and require a comprehensive review process, which may delay the Tribes efforts with the facility.

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

The Lead Agency (and on behalf of subrecipients) is required to complete and submit the SF-429 Cover page, SF-429 Attachment C Encumbrance Request, and supporting documentation in the GrantSolutions OLDC system, https://www.grantsolutions.gov, for review and approval by ACF. If you have any technical issues with OLDC or any of the forms in OLDC, please contact the GrantSolutions Help Desk at 202-401-5282, 866-577-0771, or help@grantsolutions.gov.

The Lead Agency must immediately notify the OCC Regional Office both by telephone and in

writing of a default of any description on the part of the grantee under a real property or chattel loan, deed of trust, or 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 75.318, shall apply.

X. Insurance and Maintenance

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

(1) A title insurance policy that 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 the facility is used by the grantee.

The Lead Agency shall submit copies of such insurance policies to the OCC Regional Office within five working days of completion of the construction or major renovation of the facility. Lead Agencies passing funds to subrecipients should request and maintain these reports. If the 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 insurance policies must contain a requirement for the insurance company to notify the OCC Regional Office of any changes in the policy or coverage. In the event of a payout under an insurance policy, the Lead Agency may be instructed to remit the Federal share of the proceeds to ACF.

In lieu of the requirements above, state or territorial Lead Agencies that own the facility constructed or renovated with disaster supplemental funds may demonstrate to ACF that the insurance coverage for such property is equivalent to the insurance coverage it maintains for other property owned by the state or territory.

The Lead Agency must ensure that facilities constructed or renovated with disaster supplemental funds are maintained 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

Allowable Costs. Consistent with the cost principles referred to in 45 CFR Part 75 Subpart E Cost Principles, reasonable fees and costs associated with and necessary to the construction or major renovation of a facility are allowable costs for CCDF funds, but require prior, written approval from ACF.

Audits. Any audit of a 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.

Davis-Bacon Act. The U.S. Department of Labor has found no basis for application of the Davis- Bacon prevailing wage rates to construction and major renovation projects funded by CCDF. The CCDBG Act does not impose Davis-Bacon requirements. However, Davis-Bacon requirements may still apply if a project is partly funded by another program that is subject to the Davis-Bacon Act. In such circumstances, a Lead Agency should contact the other program with any questions regarding the applicability of Davis-Bacon. States and territories should follow their own laws and policies regarding Davis-Bacon or other prevailing wage requirements.

Final Contract. The Lead Agency must submit to the OCC 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 into which the contract was entered. Subrecipients should submit these reports to the Lead Agency to maintain.

Final Inspection Report. Upon completion of the construction or major renovation, the 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 OCC Regional Office within 30 calendar days of the substantial completion of the construction or major renovation. Subrecipients should submit these reports to the Lead Agency to maintain.

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 75.307 (d).

Legal Documents. The Lead Agency must submit to the OCC 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 major renovation of the facility or to the discharge of any debt secured by the facility. Subrecipients should submit these reports to the Lead Agency to maintain.

Procurement Procedures. All facility construction and major renovation transactions must comply with the procurement procedures in 45 CFR 75.326-335, and must be conducted in a manner to provide, to the maximum extent practicable, open, and free competition. States and

territories are not subject to these provisions and should follow their own procurement procedures.

Records. The Lead Agency must retain all records pertinent to the construction or major renovation of a facility for a period equal to the period of the grantee's use of the facility plus three years, or for three years after the Lead Agency makes final payment and all pending matters (including any ongoing audits, claims, or litigation) are completed or closed, whichever is later.

Statement by Licensed Engineer or Architect. If the total cost of the project exceeds $100,000, the Lead Agency must submit (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/major 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.

XII. Additional Requirements for Modular Units

The procedures in this section of the Program Instruction apply to construction or major renovation of modular units classified as real property. 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 Lead Agency to purchase the modular unit. This statement must include a copy of the specifications for the unit that is proposed to be purchased and an assurance that the Lead Agency will comply with procurement procedures in 45 CFR 75.326 through 75.335, including the assurance that all transactions will be conducted in a manner to provide, to the maximum extent practical, open, and free competition. States and the territories are not subject to these procurement provisions and should follow their own procurement procedures.

(2) The 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 Lead Agency and approved by ACF. The Lead Agency must submit to the OCC Regional Office the engineer's or architect's inspection report within 30 calendar days of the modular unit’s installation. Subrecipients should submit these reports to the Lead Agency to maintain.

(3) All reasonable costs necessary for the installation of a modular unit, the installation of which has been approved by ACF, are payable with disaster supplemental funds. Such costs include, but are not limited to, payments for public utility hook-ups, site surveys and soil investigations.

(4) A modular unit that has been approved for construction or major renovation in one location may not be moved to another location without the prior written permission of the OCC Director.

(5) Modular units that are constructed or renovated with disaster supplemental funds or which are affixed to land that 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 Lead Agency) to use funding from its Child Care and Development Fund (CCDF) award(s) 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. "

Attachment B

Compliance with the National Environmental Policy Act

An application to use disaster supplemental funds for construction/major renovation must include an environmental assessment in accordance with the National Environmental Policy Act (NEPA). The purpose of the required environmental review is to determine whether the proposed construction or major renovation will or will not significantly affect the quality of the human environment. Please note that no action related to real property meets the "categorical exclusion" criteria outlined under NEPA (43 CFR 46.210); therefore, the NEPA requirements, including the environmental assessments and reports apply.

Contents. In response to item 12(a) of the construction/major renovation application requirements, the assessment must:

1. Describe the potential environmental impacts of the proposed construction or major renovation project. This description should indicate whether the proposed construction/major renovation would significantly affect the quality of the human environment. (See additional guidance below under *Criteria*).

2. Indicate whether the proposed construction/major 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/major 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/major renovation project. Such measures might include soil erosion, sedimentation controls, and the use of recycled products. In addition, to reduce greenhouse gas emissions, utilizing carbon pollution free electricity in conjunction with building electrification strategies, zero-emission vehicles, utilizing energy and water conservation measures, acquiring construction materials with lower embodied carbon, incorporating carbon sequestration, incorporating sustainable land management techniques.

4. Describe in detail the environmental impact of reasonable alternatives to the proposed construction/major 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 the adverse environmental effects of the proposed action.

5. Compare the environmental benefits and risks of the proposed construction/ major 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. It is strongly recommended that the grantee utilize a qualified environmental expert who can provide environmental planning and documentation services. Preparation of the assessment should involve consulting with interested agencies and persons. In addition, the 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 major 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 major 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 hazard risks from climate change as a result of the proposed construction. Climate change poses a current and increasing threat to human health and the environment by prompting disruption of operations and displacement as a result of fire, hurricanes, flood, disease, and famine. Analyze the potential risks to climate change through utilizing Federal government climate change risk screening tools and reports.

Identify the greenhouse gas emissions as a result of the proposed construction and renovation. A project emits direct and indirect greenhouse gas emissions (GHG), which should be quantified using available from Council on Environmental Quality (CEQ) GHG quantification tools.

Identify the "human environments" that the proposed construction/ major 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/major renovation will cause on these "human environments." A change occurs when a proposed construction/major 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 major renovation process) and reasonably foreseeable future (e.g., after the construction or major 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).

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

- Whether the project included strategies for public involvement in environment decisions. Including: encouraging public participation among the community that may suffer a disproportionately high and adverse human health or environmental effect from a proposed action to develop and comment on possible alternatives as early in the NEPA process; addressing any barriers (linguistics, institutional, cultural, economic, historical, or other potential barriers) with participation.
- The degree to which data was used in identifying potential health and environmental impacts on the community. Including gathering data such as demographics (from Bureau of Census), health and living patterns, as well as environmental justice information (from CEQ Climate and Economic Justice Screening Tool, Environmental Protection Agency (EPA) EJSCREEN, and Centers for Disease Control (CDC) and Prevention National Environmental Public Health Tracking Network Data Explorer).
- 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, ecologically critical areas, or Tribal Sacred Sites.
- 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/major renovation. The assessment should identify:

- Any reasonable, appropriate alternatives to the proposed construction/major 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 degree to which the action may adversely affect rights of Tribal Nations that have been reserved through treaties, statues, and Executive Orders.
- The degree to which the action may have disproportionate and adverse effects on communities with environmental justice concerns.

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 October 17, 2003). Please note that 30-40-40 Floodplain Management procedures have been revised and will be published soon on the Federal Register.

Attachment C

Compliance with the National Historic Preservation Act

Question 14i of Attachment B of the SF-429 Real Property Status Report asks whether the property has any historic significance in order to comply 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 Lead Agency or ACF concludes that the property (affected by the construction/major 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/major renovation project could potentially affect a property which is on or determined eligible for the Register, the Lead Agency must submit to ACF written materials regarding the impact of the proposed construction/major 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 effects. 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 their website: http://www.achp.gov.

Attachment D

Sample Notice of Federal Interest

At the commencement of construction or major renovation with CCDF funds of a facility, the Lead Agency shall record a Notice of Federal Interest in the appropriate official records for the jurisdiction in which the facility will be located. The Notice must be recorded in the official records and submitted to the OCC Regional Office within ten working days of the commencement of the construction or renovation.

Below is a sample Notice:

[DATE]

Notice of Federal Interest

This is to serve as notice to all potential sellers, purchasers, transferrers and recipients of a transfer of the real property described below as to the Federal government's financial interest in the subject real property, which have arisen as a result of the receipt and use of the Administration for Children and Families' grant funds by the [NAME OF CHILD CARE AND DEVELOPMENT FUND (CCDF) LEAD AGENCY] in connection with the [CONSTRUCTION OR MAJOR RENOVATION] of said property. The [NAME OF CCDF LEAD AGENCY] received these grant funds on [DATE OF THE AWARD OF SEPARATE CCDF GRANT AWARD FOR CONSTRUCTION/MAJOR RENOVATION]. The notice is applicable to the property at [ADDRESS] and identified as Parcel [APPROPRIATE NUMBER(S)] in the books and records of [APPROPRIATE NAME OF UNIT OF GOVERNMENT'S RECORDING AGENCY]. Said real property is also described as: [DESCRIPTION PROVIDED IN SURVEY]. This property may not be mortgaged, used as collateral, sold or otherwise transferred to another party, without prior written permission from the responsible official of the Administration for Children and Families. The property may not be used for any purpose inconsistent with that authorized by the Child Care and Development Block Grant Act ,42 U.S.C §9857 et seq., and regulations at 45 CFR Parts 98 and 99. These grant conditions and requirements cannot be altered or nullified through a transfer of ownership. Further information as to the Federal government's interests referred to above can be obtained from the Administration for Children and Families (ACF), [ADDRESS OF OCC REGIONAL OFFICE].

The Federal government's financial interest in the subject real property expires on [DATE OF THE AWARD OF SEPARATE CCDF GRANT AWARD FOR CONSTRUCTION/MAJOR RENOVATION + 10 YEARS].

[SIGNATURE]

_____

[NAME]
[TITLE]

[Note: this signature should be notarized and have a sufficient notary public affirmation].