

Head Start Program Performance Standards Facilities

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David Jones: Hello, my name is David Jones. We'd like to welcome you to today's overview of Part 1303 Subpart E: Facilities, which includes 1303.40 through 1303.56.

Belinda?

Belinda Rinker: Thanks, David. I'm Belinda Rinker. And David, facilities are an important aspect of Head Start. They represent a large investment, and they're intended to benefit programs and families and children for many years. The overall goal of the facilities regulations is to guide applicants who are seeking funding and to ensure that Head Start receives the benefit of those facilities that it funds.

David: And facilities in good repair support the health and safety of children and the delivery of quality school readiness services. They also provide welcoming environments for families and staff. So, can grantees continue to buy or build facilities and make needed improvements under the new regulations?

Belinda: Yes, David. Facilities activities are still allowed under the new Performance Standards. Subject to funding availability and application approval, grantees can continue to engage in purchase, construction, and major renovation of facilities. Those facilities do need to be used primarily to support Head Start and Early Head Start service delivery.

David: So, Belinda, what is the general approach of the new facilities regulations?

Belinda: So in general, the regulations explain what's required to apply for facilities funding, and how grantees must protect the federal interest in facilities that are funded with Head Start dollars. The regulations are more aligned with the typical facilities project development process and we have new language that applies to modular units and facilities activities on leased property. Overall, there are fewer regulations, but grantees will still need to complete an application under part 1303.44 and a cost-comparison, which is 1303.45, to initiate their facilities request, along with the required ACF Form SF-429 and appropriate attachments.

Belinda: And Belinda, I understand that there are some important continuing new and revised definitions in Part 1305 that apply to facilities, including construction, facility, federal interest, major renovations, minor renovations, modular units, purchase, real property, and repair. Grantees will need to look carefully at the definitions, some of which have changed substantially and some that are brand new, such as the definitions of federal interest and major renovation. For example, the definition of federal interest clarifies that the use of Head Start funds to make mortgage payments creates a federal interest. Another important clarification is the federal interests includes any portion of the cost of purchase, construction, or major renovation of the facility contributed to satisfy a matching requirement. The term major renovation is now based on a cost equal to or exceeding the \$250,000 threshold, whereas the prior definition turned on an initial \$200,000 amount, adjusted for the consumer price index, and of course, the type of activity.

Belinda: Right, David. Getting familiar with the definitions is important, but let me also highlight some of the more specific changes in the facilities requirements. First, governing bodies must receive copies of notices of federal interest before they're filed or posted. And there's generally important federal interest information in section 1303.47. In addition, notices of federal interest must be posted on modular units on the exterior, and inside the modular unit. There's also now language about protection of the federal interest when property is mortgaged, and that's in 1303.49, and a new limitation on subordination of federal interest when the amount of federal funds already contributed exceeds the amount of the mortgage. And that's in section 1303.51. Another important section is 1303.50, which sets out minimum length requirements for leases and other occupancy agreements when facilities activities are funded on third party property. And there's a 15 year occupancy requirement for modular units and for major renovations on leased property, and if a brand new building is built on leased or third party property, a 30 year occupancy agreement is required. And if a facility is located in an area that's defined as high risk by the National Flood Insurance Protection

Program, the grantee is required to maintain flood insurance on that property.

David: Yeah, and I think we should also add that while most regulations that cover Head Start facilities are in the Performance Standards, disposition regulations are in the uniform guidance, which requires certain provisions and contracts depending on their type and amount. And facilities activities often involve lots of contracts. Anything else you'd like to add?

Belinda: Yes, even though we no longer reference the Davis-Bacon Act in the Head Start program Performance Standards, it is still included in the Head Start Act. So any covered activities at a cost of \$2000 or more still require compliance with the Davis-Bacon Act. And we need to remember that Form SF-429 must be submitted in addition to the facilities application under the new Performance Standards.

David: A couple of final thoughts. When you're considering a request for facilities funding, work closely with your regional programs specialist and your grants management specialist. Early in the project development, don't forget the helpful design guide on the ECLKC and consider requesting funds in advance of the formal application, which is in 1303.43, to determine preliminary eligibility and make sure your project effectively meets the needs of children and families in your community.

Belinda: Thanks so much, David. And thanks to everyone for tuning into our video today.

David: Thank you.

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