



Pre-Approval Guidance and Checklist

(To support the development and analysis of facilities applications)

Facility Purchase, Construction, or Major Renovation Using Head Start Grant Funds

Grantee: _____

Grant #: _____ Facility Location: _____

Facility Address: _____

Funding Requested: Purchase: \$_____ Construction: \$_____

Major Renovations (\$250,000 and above) \$_____

Minor Renovations¹ (Below \$250,000) and Repairs \$_____

¹ Applications must include minor renovations and repairs less than \$250,000 if they are included with a purchase application and are part of the purchase costs.

Pre-Approval Guidance

In addition to the Pre-Approval Checklist below, here are resources that offer additional guidance.

Quality learning environments along with ongoing maintenance and repair are important to ensure safe facilities. In response to the increased focus on safe learning environments, the Office of Head Start has released facilities guidance on topics such as project planning, financing and pledges of collateral, reporting (SF 429) and recordkeeping. [Information Memorandum ACF-IM-HS-17-01](#) and [Program Instruction ACF-PI-HS-17-03](#).

A grantee must comply with all grants management regulations, including specific regulations applicable to transactions in excess of the current simplified acquisition threshold, cost principles, and its own procurement procedures, and must provide, to the maximum extent practical, open and full competition. [\[45 CFR §1303.55\(a\)\]](#) and [\[45 CFR § Part 75\]](#)

As referenced in the Head Start fiscal regulations, the [Davis-Bacon Act](#) applies to contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of facilities. Contractors and subcontractors must pay their laborers and mechanics employed under the contract no less than the locally prevailing wages and fringe benefits for corresponding work on similar projects in the area.

A grantee must keep all facilities purchased or constructed in whole or in part with Head Start funds in good repair in accordance with all applicable federal, state, and local laws, rules and regulations, including Head Start requirements, zoning requirements, building codes, health and safety regulations, and child care licensing standards. [\[45 CFR §1303.52\(c\)\]](#)

Additional facilities resources are available on the [Head Start Early Childhood Learning and Knowledge Center \(ECLKC\)](#) website.

Pre-Approval Checklist: Facility Purchase, Construction, or Major Renovation Using Head Start Grant Funds

	Pre-Approval Checklist	Action Required / Comments	Date Submitted
1	Submit a written application including all requirements in Head Start Program Performance Standards 1303.44 Applications to purchase, construct, and renovate facilities. In compliance with the Head Start Act, the funding application must be reviewed and approved by the governing body and the Policy Council. [Head Start Act, Sec. 642 (c)]		
2	Establish that the proposed purchase, construction, or major renovation is necessary because the lack of suitable facilities in the grantee's service area will inhibit the operation of the program. [45 CFR §1303.42(a)(1)(iii)]		
3	Provide a written statement from an independent real estate professional describing how it was determined that there is or was a lack of alternative facilities. [45 CFR §1303.42(b)]		
4	Provide a written statement explaining the effect the facility will have on program enrollment, activities and services, and how it was determined what the anticipated effect would be [45 CFR §1303.44(a)(1)]		
5	Provide deed or other document showing legal ownership of real property, legal description of facility site, and explanation why the location is appropriate for the service area. [45 CFR 1303.44(a)(2)]		
6	Provide plans and specifications describing the proposed facility including square footage, structure type, number of rooms it will have or has, how the rooms will be used, where the structure will be located on site, and whether there is space available for outdoor play and parking. [45 CFR §1303.44(a)(3)]		
7	Submit the proposed schedule that details when the grantee will acquire, renovate, repair and occupy the facility. [45 CFR §1303.44(a)(6)]		

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8	<p>Provide certification by a licensed engineer or architect that facility is or will be upon completion, structurally sound and safe for use as a Head Start facility and it complies, or will comply upon completion, with building codes, child care licensing requirements, Americans with Disabilities Act, Rehabilitation Act, Flood Disaster Protection Act and National Historical Preservation Act. [45 CFR §1303.44(a)(4)]</p>		
9	<p>If the grantee intends to use a facility to operate a Head Start program and for another purpose, it must disclose what percentage of the facility will be used for non-Head Start activities, along with costs associated with those activities, in accordance with applicable cost principles. [45 CFR §1303.45(c)]</p>		
10	<p>Provide an estimate by a licensed independent certified appraiser of the facility's fair market value after proposed purchase and associated repairs and renovations construction, or major renovation is completed (except for major renovations to leased property). [45 CFR §1303.44(a)(7)]</p>		
11	<p>Provide a statement that shows what share of the purchase, construction, or major renovation will be paid with grant funds and what the grantee proposes to contribute as a nonfederal match. [45 CFR §1303.44(a)(9)]</p>		
12	<p>Submit detailed cost estimate, compare the costs to other available alternatives in the service area, and provide any additional information the responsible HHS official requests. [45 CFR §1303.45(a)(1)]</p>		
13	<p>Cost comparison must identify who owns the property, list all costs, identify costs over the structure's useful life, and demonstrate how the proposed purchase is consistent with goals, community needs, enrollment and program options, and how it will support qualify services to children and families. [45 CFR §1303.45(a)(2)(i) through (iv)]</p>		

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14	Provide a statement from a lender, if a grantee applies to use Head Start funds to continue purchase on a facility or refinance existing debt on a facility, that indicates the lender is willing to comply with 1303.49 Protection of federal interest in mortgage agreements. [45 CFR §1303.44(a)(10)]		
15	Provide the terms of any proposed or existing loan(s) related to purchase, construction, or major renovation, including copies of funding commitment letters, mortgages, notes, potential security agreements, and information on all other sources of funding. [45 CFR §1303.44(a)(11)]		
16	Provide a Phase I environmental site assessment that describes the environmental condition of the proposed facility site and any structures on the site. [45 CFR §1303.44(a)(12)]		
17	Provide a description of the efforts by the grantee to coordinate or collaborate with other providers in the community to seek assistance, including financial assistance. [45 CFR §1303.44(a)(13)]		
18	For leased properties, in addition to all other checklist items, provide copy of existing or proposed lease agreement, and the landlord or lessor's consent. [45 CFR §1303.44(b)(1)]		
19	For modular unit to be sited on leased property or on property not owned by grantee, in addition to all other checklist items, provide copy of proposed lease or other occupancy agreement giving grantee access to modular unit for at least 15 years. [45 CFR §1303.44(b)(2)]		
20	For use of funds to continue purchase on a facility or to refinance existing indebtedness, the grantee must compare costs of continued purchase against cost of purchasing a comparable facility in the service area over remaining years of facility's useful life. [45 CFR §1303.45(b)]		

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21	The grantee must obtain the responsible HHS official's written approval before it uses Head Start funds to contract construction or renovation services and must ensure these contracts are paid on a lump sum fixed-price basis. [45 CFR §1303.55 (b)]		
22	The grantee must ensure all construction and renovation contracts contain a clause that gives the responsible HHS official or his designee access to the facility, at all reasonable times, during construction and inspection. [45 CFR §1303.55 (d)]		
23	Provide a breakdown of the total costs for the project (other Federal funding, bank loan, grantee share, foundation, state and local government share, other funding sources, etc.) and the share of the costs that will be paid with ACF grant funds. [45 CFR §1303.44] and [45 CFR §1303.45]		
24	Any additional information the responsible HHS official may require. [45 CFR §1303.44(14)]		

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Definitions [\[45 CFR §1305.2\]](#):

Construction: New buildings, and excludes renovations, alterations, additions, or work of any kind to existing buildings.

Facility: A structure, such as a building or modular unit, appropriate for use in carrying out a Head Start program and used primarily to provide Head Start services, including services to children and their families, or for administrative purposes or other activities necessary to carry out a Head Start program.

Federal interest: A property right which secures the right of the federal awarding agency to recover the current fair market value of its percentage of participation in the cost of the facility in the event the facility is no longer used for Head Start purposes by the grantee or upon the disposition of the property. When a grantee uses Head Start funds to purchase, construct or renovate a facility, or make mortgage payments, it creates a federal interest. The federal interest includes any portion of the cost of purchase, construction, or renovation contributed by or for the entity, or a related donor organization, to satisfy a matching requirement.

Major Renovation: Any individual or collection renovation that has a cost equal to or exceeding \$250,000. It excludes minor renovations and repairs except when they are included in a purchase application.

Minor renovation: Improvements to facilities, which do not meet the definition of major renovation.

Modular unit: A portable prefabricated structure made at another location and moved to a site for use by a Head Start grantee to carry out a Head Start program, regardless of the manner or extent to which the modular unit is attached to underlying real property.

Purchase: To buy an existing facility, including outright purchase, down payment or through payments made in satisfaction of a mortgage or other loan agreement, whether principal, interest or an allocated portion principal and/or interest. The use of grant funds to make a payment under a capital lease agreement, as defined in the cost principles, is a purchase subject to these provisions. Purchase also refers to an approved use of Head Start funds to continue paying the cost of purchasing facilities or refinance an existing loan or mortgage beginning in 1987.

Repair: Maintenance that is necessary to keep a Head Start facility in working condition. Repairs do not add significant value to the property or extend its useful life.

Special Note: This checklist is not a facilities application as required by [45 CFR §1303 Subpart E Facilities](#). For detailed information, if needed, please attach a separate sheet of paper indicating the item number reflecting your response.

