

CDBG-CV Child Care Creation Program Guidelines

All standard CDBG rules and requirements must be adhere to under the CDBG-CV Child Care Creation program. The CDBG Program Manual on the TNECD website will serve and the written policies and procedures for this program unless specifically stated otherwise below.

Basic Requirements

- National Objective
- Environmental Review
- Uniform Relocation Act
- Davis-Bacon and other wage-related acts
- Section 3 – Construction projects over \$200,000
- Procurement standards as dictated by 2 CFR 200 and the Tenn. Code Ann.
- Recordkeeping and financial management requirements as dictated by 2 CFR 200 and 24 CFR 570
- Fair housing and equal opportunity

Public Meetings

As with all CDBG-funded activities, local governments intending to seek funding must hold a public meeting summarizing the funding program, the proposed activity, the amount of the funding being requested, and the amount of any leveraged funding proposed. The local government must allow for local input on the proposed activity and consider alternatives that may be presented at the meeting. Minutes providing a and official record must be kept on file and submitted the application for funding.

Two advertisements of the public meeting in a local newspaper are required. The first advertisement must be published at least 14 days prior to the public meeting. Additional actions to promote local participation in the public meeting are encouraged.

Eligible Entities

Only local city and county governments are eligible to be direct recipients of these grant funds. TNECD anticipates that in most cases local governments will choose to subgrant these funds for eligible purposes to non-profit or for-profit child care organizations to expand child cares options and services in the community. However, the grant contract will be between the eligible local government and TNECD.

SAM Registration

All local governments and direct subrecipients of the CDBG-CV funds must have an active registration in SAM.gov. Contracts with local governments will not be fully executed unless the local government has an active registration. Subrecipient child care organizations will not be able to be reimbursed for funds unless they have an active registration.

Eligible Activities

Due to the tight expenditure deadline associated with these funds, only the following activities are eligible for use of funds.

- Acquisition of property (building/structure) to provide child care
- Rehabilitation of homes and facilities to meet licensure requirements and/or expand child care services

- Purchase of equipment to provide to meet licensure requirements, improved child care services and/or expand child care services.
- Clearance or demolition of structures to meet licensure requirements

The following items are specifically ineligible under this program:

- New construction of facilities
- Supplies, chairs, tables, cribs, etc.
- Rental payments for facilities
- Recurring utilities fees
- Subsidies or supplement funding for tuition, enrollment fees, etc.
- Other cost associated with operations and management

Agreements

Any local government partnering with a child care facility or in-home child care business must have a written agreement in place that addresses the following minimum criteria:

- Length and term of the project
- How the project will meet the LMI National Objective
 - o Number of total and LMI beneficiaries or jobs created
- The penalty for not meeting the LMI National Objective
- Reporting requirements
 - o How often
 - o Types of data to report
- Record retention requirements
- For Job Creation
 - o Number of jobs
 - o Type of job and if it is full time or part time
 - o How the child care business will ensure the LMI National Objective will be met

National Objective

All CDBG-funded activities must meet a National Objective. For the Child Care Creation program the National Objective to meet will be “to benefit low and moderate income (LMI) persons”. LMI persons is defined as persons living in a household that is at or below 80% of the area median family income (MFI). The area MFI is generally considered to be at the county level, though in some cases the area may be defined as a larger metropolitan area of multiple counties. The LMI National Objective can be met four ways:

1. *LMI Limited Clientele* – This type of activity provides the benefit to a specific group of people, in this case the families of children enrolled in a child care facility or home. At least 51% of the expanded or new enrollment of children must be of LMI households.
2. *LMI Jobs* – This type of activity creates permanent jobs, at least 51% of which, on a full time equivalent (FTE) basis, are either held by LMI persons or considered to be available to LMI persons. LMI jobs can be documented a few ways:
 - A person can be presumed to be LMI if the census tract where they live or where the assisted business and job is located:
 - Has a poverty rate of at least 20%;
 - Has evidence of pervasive poverty and general distress.

- Records showing the type of job and the annual wages/salary of the job can be substituted instead of the individual's income. A person will be considered income-qualified if the annual wages or salary of the job is equal to or less than the low-income (80%) limit established by HUD for a one-person family.
- 3. *Microenterprise Assistance* – Child care businesses with five (5) or fewer employees, including any and all owners can be considered LMI if the business owner(s) meet(s) the LMI requirements for the area. This option is likely most applicable to activities providing assistance to in-home child care.
- 4. *LMI Area* – LMI Area benefit may be an option in rare cases. The challenge with using area benefit for an activity such as child care is that a defined area rarely exists for the service, unlike beneficiaries of a water or sewer system. Other options to meet LMI requirements should be considered first. If LMI Area is intended to be used adequate documentation must be provided to justify a defined service area. Contact TNECD before using this option.

Recordkeeping

Generally, the recordkeeping requirements laid out in the CDBG Program Manual must be followed. The general rule of thumb is that all documentation related to the grant must be retained. This includes, but is not limited to:

- Public meeting documents
- Applications
- Contracts
- Agreements
- Procurement documents and evaluations
- Environmental Review Record
- Architectural / Engineering documents
- Bid documents and evaluations
- Reports
- Approvals for TNECD
- Invoices / Requests for Reimbursement
- LMI documentation

Reporting

Each grantee that is funded through this program must submit a quarterly report that addresses the following:

- What has happened over the past quarter.
- What is expected to occur in the next quarter.
- Issues or delays that have occurred.
- Performance measure reporting

Each grantee must submit a final closeout report at the end of the grant which will describe how the project was proposed and how it was completed. The closeout report will also provide beneficiary details and how the LMI National Objective was met. Standardized reporting forms will be provided by TNECD.

Duplication of Benefits

All projects funded with CDBG-CV funds must verify there are no duplications of benefits. The program application asks about duplication of benefits and the grantee contracts will contain a clause that the grantee confirm the grant funds will not create a duplication of benefits. If any portion of the funds are found to be duplicative, the amount that is determined to be duplicative must be repaid to TNECD. Each grantee and Development District are strongly recommended to develop a process to check for potential duplications of benefits by subrecipients.