*FY18 EEOST Questions and Answers*

*Pre-application Information Sessions*

*October 2 and 4, 2017*

*Online submission of questions to EEC*

# General Questions

1. How do we demonstrate the need for EEOST funding? Does that mean a facility need as demonstrated through a capital needs assessment, the need to serve more children as shown in a market study, the need for QRIS advancement, and/or other factors?
2. “Need” refers to how the project will help your program organizationally as well as enhance your community and the families you serve. For example, if your program has never offered out-of-school time (OST) care and you show that there is a need in the community for OST slots, this would help make the case for how this project is central to fulfilling your organization’s mission.
3. You mentioned that EEC has data by region in terms of the need for slots by age group. Is that data accessible to the public?
4. You can make a public records request to EEC for the data you are seeking. That request can be e-mailed to eec.rao@massmail.state.ma.us.
5. Is there an average award amount?
6. There is no average award amount. Award sizes have ranged from $200,000 to $1,000,000. Organizations themselves determine how much EEOST funding to request. We encourage you to apply for the amount that is needed to ensure that your project is successful.
7. I had trouble with the FY18 EEOST webpage on the EEC website today. Is there some maintenance happening?

A4) To access the FY18 EEOST page, open EEC’s website: (<http://www.mass.gov/edu/government/departments-and-boards/department-of-early-education-and-care/>); under Programs and Services on the left side of the page, click on Funding Opportunities, then click on Open Competitive Grants and the FY18 Early Education and Out of School Time Capital Fund Program should be the first choice. MassIT has been making some changes to agency websites, so if you encounter any issues, please email Denise Karlin (denise.karlin@state.ma.us) directly if you are not able to access the materials.

1. Will the Questions and Answers from prior rounds be posted earlier than October 17th?

A5) Yes, they are currently posted.

1. Is the $3.6M amount that is available in FY18 the net amount or gross amount of the state funding?

A6) The gross amount allocated by the state is $4M. There are expenses related to the implementation of the grant program, which brings the amount of funding available as grants to $3.6M.

1. The FY17 EEOST materials announced $3.6M in appropriation, yet $4.1M were actually awarded. Where did the additional funds come from and might FY18 have upside as well?

A7) One-time additional funding was announced by the State, through the Executive Office of Administration and Finance, specifically for the FY17 round. This allowed another project to be funded under the EEOST grant program. This situation is unlikely to happen again.

1. This is year five of the five-year state bond allocation for EEOST. Do you anticipate that there will be continued funding?

A8) Currently, there is legislation pending (H3925) to reauthorize EEOST for another five years. In the new legislation, there are two changes proposed: 1) Raising the percentage of low-income children a program must serve from 25% to 50%, and 2) Requiring that programs are already providing licensed care at the time of their application. The bill was reported out of one committee this summer and is now under consideration by another committee. A decision is anticipated by July 2018.

1. Is there just one funding round this year?

A9) Yes, there is always a single round per year for EEOST.

1. How many pre-applications do you normally receive?

A10) In FY17, we received 17 pre-applications and we invited 10 organizations to apply for the full application stage. Five organizations were funded.

# Application Process

1. Do we have the option to upload pre-application or application documents online, or is it all a paper submission?

A11) Four hard copies – a signed original and three copies -- of all materials must be printed and delivered to the EEC by the deadline for both the pre-application and the full application. There is no online option.

1. At some point in future, will the EEOST application process be online?

A12) There are no current plans to do so. As this is a state-managed grant program, the submission mechanism also depends on other state agencies and processes.

1. We are a large agency with several facility needs. If we have multiple projects, is the expectation that we just apply for one of them?

A13) Yes, an EEOST funding application is limited to one site at a time. If you are combining two sites into one site, then that is considered one project.

1. When you say “project,” what does that refer to? If we need a new roof and a new safety ramp, all at the same building, is that one or two projects?

A14) The roof and safety ramp are two scope items at one site, so all construction being done at the site at the same time is considered to be one project.

1. For the pre-application stage, we are able to submit more documentation than is required, for example, architectural drawings. Should we submit more information than is requested?

A15) Most of the pre-application includes narrative descriptions of the work completed to date, with some attachments relating to financial statements. The full application stage is when applicants are asked to submit all supplemental materials and attachments. You can think of the pre-application process as a screening before the lengthier full application process. There is no reason to submit project-related attachments in the pre-application stage that would be duplicative within the full application.

1. Do the pre-application and application forms have fillable fields, and is there a word count?

A16) Both application forms are Word documents. There is no word count restriction, so you can continue writing and expanding the sections as you wish. For any Excel charts embedded into the applications, double click on the charts so that you can input numbers directly.

1. In terms of slots, we have many part-time children. Do we calculate the number of children or number of full-time equivalent (FTE) slots? For example, our licensed capacity may be 50 but we serve 65 children in total.

A17) The enrollment charts within the **pre-application** and **full application** should represent the number of individual children served by the program. If the enrolled number of children exceeds the licensed capacity due to part-time enrollment, please describe this in narrative below the chart.

Enter the FTE equivalent of slots and income in the Tuition Income charts within the **EEOST Projected Operating and Cash Flow Budget**, which is an attachment to the full application.

1. The pre-application asks for brief narratives, yet we were encouraged to provide as much information as possible with the pre-application. Could you please clarify as to what additional information would be helpful for the pre-application?

A18) Please provide an accurate and comprehensive explanation of the project at the pre-application stage, including proposed sources, timeline, and project team. Given that there are few additional attachments to the pre-application, the narrative is a very important part of assessing the project and its readiness to proceed.

1. Question 9 in the pre-application states: “do you have audited financial statements from the past three years (if budget is over $500,000?)” Does this mean the project budget or the organization’s total budget?

A19) This question references the audited financials for the organization, not a budget for the project itself.

1. Will hazardous materials testing be required for the pre-application, or just a narrative explaining how hazardous materials, if any, will be dealt with?

A20) The pre-application asks how the team will address any potential hazardous materials within buildings to be renovated or demolished (including lead, asbestos,) and if the team has completed hazardous materials testing to date, to describe the results. Hazardous materials testing does not need to have been completed at the time of the pre-application.

# Eligible EEOST Expenses

1. If some emergency repairs to our facility have to be made while our application is still in review, will those costs be reimbursed if we are awarded an EEOST grant?

A21) As long as those repairs are part of your project budget when you submit an application, they can be reimbursed. We generally expect that construction will not start before you are awarded EEOST, but if there were some emergency needs that must be addressed, please explain in detail and the review team would consider that.

1. If a private lender funds our project in the interim and charges interest, would that interest be reimbursable?

A22) Yes.

1. How are pro-bono/in-kind professional services shown in the budget?

A23) The applicant can demonstrate the market value of pro bono services as a source on the capital project budget and explain how that amount was derived in the narrative. Given the scale of these projects, in-kind donations are likely to be a very small portion of the budget. If your organization receives in-kind services related to the project, the review team will consider those on a case-by-case basis, but do not rely on in-kind services to make up the difference between your EEOST grant request and the Total Development Costs of the project. All in-kind services must be related to the capital project, such as the services of an architect or donation of building materials, but should not include non-capital items.

1. Is staff time reimbursed at salary plus benefits and is this amount in addition to the Developer's fee of 5%?

A24) Developer Overhead is a proportion of internal staff time spent managing various aspects of the project. Combined with Developer Fee, this amount cannot exceed 5% of the project costs.

# Capital and Operating Budgets

1. Our project is merging two centers but also adding an Early Intervention program. Are you looking for a project budget just for the early education and care program or should we include the Early Intervention?

A25) The EEOST project budget should include sources and expenses for the licensed early education and care program only. For overall project sources and expenses, you can attribute the cost of the EEOST project proportionally to the square footage dedicated to the licensed child care program plus common areas. However, include information on the total square footage of the entire building, but note how much is for the licensed space specifically. The applicant should also provide the total project costs for construction with sources in the narrative, or attach another chart, but EEOST will only be considered for the licensed child care program.

1. We are currently running a capital campaign for a new gymnastics and out-of-school time (OST) center. For the application do we include only how much is going to be allocated to the OST program, excluding the gymnastics program?

A26) Yes, the project’s sources and uses should only reflect those related to a licensed child care program. Please include as much information as possible in the narrative section about the overall campaign goal and total costs and sources for the entire construction project, which includes the gymnastics center.

1. If our program’s operating expenses are part of a larger organizational budget, how do we show this?

A27) The full application requires the submission of the EEOST Projected Operating and Cash Flow Budget as an attachment, which includes a Project operating/cash flow budget and an Organization operating/cash flow budget. Multi-service organizations should submit both; single site organizations should only submit the Project operating/cash flow budget.

1. In addition to our organization’s operating budget and our project’s operating budget, do you need operating budgets from our other early education and care sites?

A28) No, your other sites will be included in your organization’s operating/cash flow budget. For example, if you have 10 sites but are renovating one of them, your overall organizational budget will include the 10 sites but your project budget will pertain to the one site.

1. Are there some periodic site visits that happen at a cost to our organization? How do we include this in the budget?

A29) EEOST requires that awarded projects budget the expense of a lender advisor to monitor construction and report back to EEC/CIF. However, if there is already a senior lender, like a bank, or other entity that will be sending a construction reviewer as part of its monitoring, EEC/CIF will piggyback on that person’s reporting to save the project the additional expense of another advisor monitoring construction. If there is no other construction monitor already reviewing the project, you will want to budget approximately $1,500 per month in the “construction monitoring” line item in the budget. Additionally, EEOST sends a design reviewer prior to construction start and periodically during construction to ensure the project meets the QRIS progression goals of the project, at no cost to the project.

1. Is the Debt Service Worksheet just for project-related debt or any debt that my organization has?

A30) Just the EEOST project-related debt.

1. With regard to the Staff Salary Worksheet, is it just for our EEOST project or our entire agency?

A31) Just the EEOST project.

1. In the Operating Budget template, is there a line item for administrative overhead?

A32) There is not a specific line for administrative overhead but applicants can add that or any additional income or expense items.

# Sources of Funding

1. Is there a certain amount of fundraising that you need to incorporate into a project?

A33) EEOST cannot cover the entire cost of a project but there is no specific requirement of how much EEOST grant funding the project requests compared to other sources, including fundraising.

1. About half of the children we serve receive subsidies and half are private pay. How do I show that financial contribution from the community (in the form of private tuition) as a source of financial support for my project?

A34) There are charts in the application to note how many children are enrolled based on subsidy, private pay, and scholarships. You are welcome to put additional information into the narrative section. The EEOST project budget demonstrates the sources of funding for the facility capital improvement project itself, not the ongoing operations, which is an attachment to the full application.

1. Our organization has made an effort to avoid debt over the years. Is debt considered good from your review perspective, in terms of demonstrating that an organization can shoulder debt and has in the past?

A35) There is no preference in terms of whether a project does or does not assume debt. The review team takes into account the financial strength of the project and organization’s operations, to see if you can support any debt that is proposed for the project. Due to limited EEOST availability, the review team may decide to reduce the EEOST grant award from the requested grant amount if we feel a project can still be completed at that lower grant amount. This adjustment may enable us to fund more projects in a particular funding round.

1. Would Historic Tax Credits fulfill the requirement for local funding?

A36) There is no requirement for any specific types of additional funding, including a local match. Historic tax credits can be either State or Federal, and can be listed under either category as appropriate.

1. If we are hoping to receive Head Start funding for our project but it is not yet guaranteed, how do we indicate this? Should we describe how we might otherwise cover that amount if we are not awarded Head Start funds?

A37) You can list Head Start as a source but note that it is proposed, not yet committed. Please also add narrative on how your organization would cover the amount by other means if the Head Start funding does not come through.

1. We will apply for Head Start funding of $250,000, and initiate a capital campaign of $100,000. If both those initiatives fail, we may need a mortgage of $350,000 to ensure we can finish the project on time. A quick online calculator of a 30-year mortgage at 7%--which seems like the worst rate we would get. It would be $2,329 per month. We currently pay $5,366.66/month for the rent on two classrooms that we will be moving to the new facility. Will this suffice as evidence of our ability to pay a mortgage if necessary?

A38) The two sources that you are planning to include, Head Start funding and capital campaign funding, should be listed as proposed sources on t=he budget for the pre-application. In the narrative section, you can explain that you have explored a commercial mortgage at the amount listed above. If the project is invited to apply and will submit a full application, you should be prepared to provide a letter of interest from a bank to bridge these two sources if you do not yet have commitments (partial or entire) of these sources, and describe the timeline for commitments of all proposed sources in the narrative.

1. If our organization purchases a property utilizing EEOST funding, can we then utilize the equity from that property to fund the other project costs?

A39) No, as EEOST funding is not available to be drawn down until all sources to fund the complete project are secured and the project is ready to start construction.

1. If our organization owns other properties with equity, can we use that equity towards the project? Is it discouraged?

A40) If your organization has that ability, that is fine and encouraged because it shows greater financial readiness to complete the project. You should include a recent appraisal in the application so that the review team can verify the value of those properties as a source within the project budget.

1. Is a town assessment adequate as a full appraisal will take approximately four weeks?

A41) Assuming this question regards the pre-application, a description of the property that will be purchased, including the asking price and assessed value, and an explanation that an appraisal will be undertaken soon, is adequate. For the full application, the applicant would need to include a recent appraisal to verify the acquisition value of the property and support the amount that your organization will pay for the property.

1. Financing Strategy/Status – it was mentioned in the info session that the finance strategy narrative should address “Plan B” in the event one or more pieces of the finance plan does not pan out. Should this be addressed in the pre-application or the full application (if invited)?

A42) It is helpful for the review team to understand the funding sources, amounts, timing, and alternatives in both the pre-application and full application. It is especially important in the full application.

# Site Control

1. Is an executed lease required by the time of the submission of the full application, if invited to apply?

A43) The full application requires an executed site control document, which can be a lease, a purchase and sale agreement, an option agreement or an agreement with a public entity.

1. If we have a property under agreement at the time of the EEOST application, but then find something better and want to pursue that property instead, how would that impact our EEOST application?

A44) If you applied to EEOST under the assumption of the original agreement, the application would no longer be valid because that agreement would no longer hold. The review team conducts an application review on the project submitted, so any subsequent changes could impact the review.

1. Do we need to identify a site and get approval from the landlord before the pre-application deadline (October 30)?

A45) The project will need to be able to demonstrate that it has achieved, or can achieve, a long-term lease at the time of the pre-application.

# Design and Construction

1. If the pre-application is approved in December, are the three bids required by the full application deadline of January 18, 2018?

A48) If invited to apply in January, the project team should already include key external members, including an architect, project manager/development consultant and potentially others, like a fundraising consultant. The organization should already have gone through a competitive process to select these team members. Evidence of this process is not required at the time of the full application.

In terms of bidding out the general contractor piece, the project team should have an estimate of costs prepared by a qualified entity at the time of the full application, but does not need to competitively bid out the construction until the project has its EEOST award and is preparing to close on all financing sources.

1. Our town owns a former school building and has been “leasing” it to a licensed childcare program for approx. 15 years. The building needs renovations including ASAD, windows, bathrooms- are these eligible expenses? It appears that plans also may be eligible- what percent of plans should I have before I apply? Should I have an Owner’s Project Manager (OPM) hired?

A47) Eligible expenses for a capital project include the scope of work to complete the construction, including the items you describe above, as well as the development of architectural plans and specifications, and the cost to retain qualified external professionals, such as an OPM. These expenses should be reflected in the project budget submitted as part of the EEOST application. Projects should be beyond schematic plans, and the more detailed the plans, the better the EEOST design reviewer and review team can assess the project’s QRIS progression and overall quality of the proposed improvements as a benefit to the project. Applicants should indicate members of the project team at both the pre-application and full application stage, and if the OPM is serving the project prior to construction start, that person should be on board at the time of the application. If the OPM will come on after all funding is secured, it is not necessary to identify that person within the application.

1. Would my project be subject to prevailing wage?

Q48) EEOST funding does not trigger prevailing wage rates. Construction projects undertaken by private non-profit entities to administer EEC licensed programs, and are funded in whole or in part by state grants, are not covered by the prevailing wage law.  With some exceptions, the construction is not covered by the prevailing wage law even if the proposed facility is in a public building. The exceptions would be if the public entity itself will be directly or indirectly running the childcare program or if the public entity that owns the property is providing additional funding for the construction.

1. What is meant by "preliminary architectural plans"? Will drawings such as Image 13 on page 14 of the design guidelines suffice for the pre-application process? We will include the location of new bathrooms, remodeled kitchen, infant and toddler space and a classroom.

A49) Preliminary architectural plans refer to drawings provided by an architect, which should be at the schematic stage or beyond, and demonstrate the existing conditions of the building and the proposed changes. Additionally, plans should include the square footage of all rooms and the number of children in each classroom.

1. Do you require an external site elevation plan?

A50) The full application requires a site plan, which does not need to include elevations, but should demonstrate the building, parking, play areas, and other site considerations. The architectural plans do not need to include side elevations of the building, but these are helpful for the review team.

# QRIS

1. We are currently at QRIS level 3. Is there a timeline for when we would have to achieve QRIS level 4? Would we need a validation visit by EEC for that level?

A51) EEOST expects that projects will reach a QRIS level 3 or 4 in the physical environment criteria by the time construction is finished. A formal validation is not necessary. The validation process is separate since it relates to the entire QRIS standards which reach beyond the physical environment piece.

1. We have staff with BA’s and many social workers. If we do have high levels of staff education, does that count towards our QRIS progression?

A52) EEOST only assesses the physical environment aspects of your program, not staffing or other areas of the QRIS.

1. If our project is merging two centers, each with different QRIS ratings, how do we describe efforts to raise the QRIS levels?

A53) Describe in the narrative portion what each QRIS level is and how the project would bring the new program to a QRIS level 3 or 4 in the physical environment criteria and why.

1. As detailed in the grant specifications, agencies are expected to increase their standing to a Level 2 or 3. Our agency is currently at a Level 1. Is that an acceptable level to be considered for the grant? And if so, what QRIS level would you expect upon project completion?

A54) EEOST projects need to meet at least a Level 3 in QRIS physical environment standards when the project is completed. If the project is operational prior to applying and is currently at a Level 3, then the project needs to meet a Level 4. The program can be at any level at time of application.

# Preferences

1. Is there a priority for early education projects versus out-of-school time projects?

A55) Both are equally important under EEOST.

1. Is there preference given to women-managed and minority-managed provider organizations?

A56) No. Applicants can receive one point for engaging women-managed and minority-managed businesses as consultants on their project team, but no extra points are given for the provider organizations themselves.

# Expansion of slots, affordability and subsidies

1. Is there preference given to projects that expand slots as compared to projects that do not?

A57) Applicants can receive up to 10 points for expanding slots. This point allocation is based on an EEC and Children’s Investment Fund analysis that combines waitlist data and each community’s need for slots based on age range. These points are a part of the entire scoring system. A project does not expand slots would score lower on that particular question regarding expansion of slots, but may gain enough points in other areas, including geographic diversity, readiness, etc. The scoring looks at the entire project, not just the number of additional slots.

1. Would you please define “Expansion of Affordable Slots That Address Access Issues”? Does this mean access as demand for affordable slots of a certain type? Or does this refer to disability accessibility?

A58) This refers to expansion of slots that are affordable to low-income families, not handicapped accessibility. Please see the answer to Q57. for more information.

1. The school we service is eligible for the community eligibility provision (CEP) for free and reduced lunch. May this information be used to meet the 25% income eligibility requirement?

Q59) Explain this situation in your application, but as long as at least 25% of the families your program serves would qualify for public financial assistance, the project would be eligible to apply for EEOST. If those children are receiving other public subsidies outside of EEC vouchers, applicants can demonstrate that on the families eligible for subsidies chart within the pre-application and the full application.

1. Is there any additional documentation you need from applicants in terms of the need for slots in a particular community?

A60) The application requests a market study or other indication that the proposed slot mix is appropriate for the project. In terms of the specific calculation of expanding access, applicants only need to indicate the number of proposed additional slots for the project and the review team will apply the same formula to every application to calculate the expanding access preference points.

# Capital Needs Assessment and Environmental Assessment

1. If an organization is using only part of a building for early education and care but a Capital Needs Assessment notes that the entire roof needs replacement, would you need to see that documentation?

A61) Yes. If the roof fails, it will impact your licensed childcare program, regardless of where it is located in the building. A Capital Needs Assessment will assess the entire building, including the windows, furnace, and parking lot. If it is the landlord’s responsibility to maintain, repair or replace these items, provide that information in the narrative.

1. We had environmental assessment completed in 2015. Do we need a new one completed?

A62) The application requires an environmental assessment dated within the past 24 months. If older than that, the applicant would need to provide an update performed by the same Licensed Site Professional, which is typically a shorter, less expensive process than would be a full update to the previous assessment.

1. Is a Capital Needs Assessment needed if the building is not owned?

A63) Any projects that involve construction within an existing building, whether leased or owned, require a recent Capital Needs Assessment as an attachment for the full EEOST application.

# Project Team

1. Because we are only doing a renovation, do we really need a real estate development consultant?

A64) Yes. A development consultant is a professional who can assist with identifying financing, project expenses and a construction plan, not necessarily identify new sites. The project does need a qualified project manager to manage the timeline, costs and other aspects of the construction project, and that person can be internal or external to the organization.

1. Can our development consultant be an owner’s project manager?

A65) Yes, but explain the role and responsibilities of each member of the project team, and whether they are internal or external to the organization, within the narrative.

1. Can our Project Manager be affiliated with our contractor or should they be from a separate firm?

A66) The two can be affiliated, but it is important that there is someone representing you, the provider, during the facility improvement project. This person’s role is to keep you updated and report any challenges with the general contractor. It should be someone with experience managing projects. If your project is fairly simple, for example installing a new HVAC system, it might work to rely on a facilities manager or other person internal to your organization. If your project is complex, you need someone to represent your team. If you are solely relying on a General Contractor, you should retain a separate Clerk of the Works during construction.

1. Does Children’s Investment Fund have a list of contractors with early education and care experience?

A67) Children’s Investment Fund has a list of architects, development consultants, and fundraising consultants, but not contractors specifically. We would expect that a member of your development team would have recommendations as to general contractors with relevant experience.

1. Is a list of development consultants, fundraising consultants and/or architects available on the EEC website?

A68) No, but CIF has collected lists of architects, fundraising consultants and development consultants. Contact Bree Horwitz at CIF for more information at bhorwitz@childrensinvestmentfundma.org. However, your request for this general information cannot be tied to your application for an EEOST grant.

1. Are you required to do a fixed price procurement? (pg. 24 – fixed price can be obtained) Are you requiring procurement as we procure services? Or can we take 50% drawings, take out to procurement, then do value engineering?

A69) Yes, you can submit 50% drawings within the EEOST full application with an estimate of costs from a qualified professional, who may be your architect, a contractor or other entity. The project will need to be bid with final pricing before the project can close on EEOST and start construction.