

## UNDERUTILIZED FEDERAL FUNDING FOR CHILD CARE SUPPLY-BUILDING

The following resource outlines federal funding streams that can be used for child care supply-building. States apply for some of the opportunities listed. Others are administered through municipalities, community-based nonprofits, institutions of higher education, and other organizations. States can play a role as a partner, convener, and resource to encourage the use of these opportunities in the child care sector. Many of the opportunities listed have complex eligibility and implementation requirements. This resource is designed to provide high-level information to support planning and collaboration.

The following opportunities are organized by the agency which administers them. They are also categorized by allowable uses for the funding: (1) to purchase, construct, or improve child care facilities, (2) to provide start-up and working capital, (3) to provide technical assistance such as planning, business development, and access to capital facilitation, and (4) to grow and retain the ECE workforce.

Source	Program	Facilities	Capital	TA	Workforce	Description
USDA > Rural Development	<a href="#">Community Facilities Direct Loan &amp; Grant Program</a>	✓				Grants, low-interest loans, and loan guarantees for public bodies, community-based nonprofits, and tribal nations to purchase, develop, or improve community facilities, including child care facilities.
USDA > Rural Development	<a href="#">Rural Economic Development Loan &amp; Grant Program</a>	✓	✓			Eligible rural utility companies can apply for funding to administer zero-interest loans to local nonprofits, including child care facilities.
USDA > Rural Development	<a href="#">Economic Impact Initiative Grants</a>	✓				Grant for public bodies, community-based nonprofits, and tribal nations to construct, enlarge, or improve community facilities, including child care facilities, in rural communities facing severe economic distress.
USDA > Rural Development	<a href="#">Community Facilities Technical Assistance and Training Grant</a>			✓		Grant for public bodies, community-based nonprofits, and tribal nations to provide technical assistance to support the development of community facilities, including child care facilities.

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USDA> Rural Development	<a href="#">Rural Community Development Initiative Grants</a>			✓		Grant for housing and community development organizations to build the capacity of community development initiatives in their region, including through training on developing successful child care facilities.
USDA> Rural Development	<a href="#">Rural Microentrepreneur Assistance Program</a>			✓		Grant for microenterprise development organizations to offer revolving loan funds and business TA to rural micro-entrepreneurs such as family child care providers and small center owners.
USDA> Rural Development	<a href="#">Rural Cooperative Development Grant Program</a>			✓		Grant for cooperative development centers to start, expand, and improve cooperatively owned businesses, including child care businesses, through feasibility studies, business planning, operational training, and strategic planning.
HHS>ACF> Office of Community Services	<a href="#">Community Economic Development (CED) Grant</a>		✓	✓		Grants support private nonprofit, faith-based, and tribal organizations to operate Community Development Corporations (CDCs) to offer TA and make loans and equity investments in local affordable housing and community development projects. Some CDCs have prioritized child care as part of their community development work.
HHS>ACF> Office of Refugee Resettlement	<a href="#">Refugee Family Child Care Microenterprise Development Grants</a>		✓	✓	✓	Grant for community organizations to provide business training, licensing support, and cash stipends to refugees starting family child care homes.
HUD> Community Planning and Development	<a href="#">Community Development Block Grant</a>	✓				Administered by eligible cities, urban counties, and states, CDBG grants can be used to acquire, construct, and improve child care facilities in eligible areas or which will serve a majority of low- and moderate income families.
Department of Treasury	<a href="#">Low-Income Housing Tax Credit</a>	✓				Issued to states and administered by Housing Authorities, LIHTC is the primary federal mechanism used to incentivize private developers to build affordable housing. LIHTC can be used to finance the development of residential units that meet child care licensing requirements, or even reserve units or give preference to

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						family child care providers. While LIHTC and other housing financing mechanisms cannot be used to fully build out child care center facilities, they can fund the creation of a “warm shell,” including plumbing, lighting, HVAC, etc., within a larger development for a child care program to finish and occupy.
Department of the Treasury > Community Development Financial Institution Fund	<a href="#">New Market Tax Credit</a>	✓	✓			Administered through certified Community Development Entities (CDE), NMTCs incentivize private investment, which is then used to administer low-interest loans and investments to businesses in the designated low-income market. NMTC has been used to finance the development of child care and Head Start programs across the country.
Department of the Treasury > Community Development Financial Institution Fund	<a href="#">CDFI Program</a>		✓	✓		CDFIs apply for federal grants and loans to increase their lending capital. Federal grants are also available to increase the capacity of CDFIs to offer technical assistance to borrowers. CDFIs lend to borrowers who experience barriers accessing capital from conventional banks. Some, like FCF, offer specialized lending supports to child care business owners.
Department of the Treasury > Community Development Financial Institution Fund	<a href="#">Small Dollar Loan Program</a>		✓	✓		CDFIs can apply for funding to administer consumer loans of \$2,500 or less and offer related technical assistance. These services may be helpful to efforts to reduce reliance on credit cards, payday loans, and other predatory financing across the ECE workforce.
Department of the Treasury > Small Business	<a href="#">State Small Business Credit Initiative</a>		✓	✓		Reauthorized in ARPA, the SSBCI provides funding to states to start and grow small business financing programs and deliver technical assistance to increase businesses’ readiness for financing.

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Small Business Administration	<a href="#">SBA Loan Guarantee Programs</a>	✓	✓			Participating SBA lenders, including conventional banks, CDFIs, and Certified Development Companies (CDCs), have increased capacity to lend to child care businesses due to federal loan guarantees. CDCs are uniquely able to offer 504 loan guarantees which can be used to finance up to 90% of the acquisition, construction, and repair costs for child care facilities.
Small Business Administration	<a href="#">Small Business Development Centers</a>			✓		A lead organization, such as a nonprofit or university system, sponsors and manages the SBDC program in each state to provide business training and consultation services to entrepreneurs and small business owners. Some SBDCs have developed specialized programs for child care entrepreneurs.
Small Business Administration	<a href="#">SCORE Chapters</a>			✓		SCORE programs coordinate volunteers to provide mentorship to small business entrepreneurs.
DOE>Office of Post-Secondary Education	<a href="#">Child Care Access Means Parents in School Program</a>	✓	✓			Grants for Institutions of Higher Education to establish or support on-campus child care facilities or to contract with community-based providers to provide child care services to low-income student-parents and community members.
DOL>Employment and Training Administration	<a href="#">Registered Apprenticeship</a>		✓	✓	✓	Tax credits and technical assistance may be available for apprenticeship programs registered with the Department of Labor. However, low wages in the child care sector can pose a barrier to state labor departments' approval of ECE apprenticeships.
DOL>Employment and Training Administration	<a href="#">Rapid Response and Dislocated Worker Grants</a>			✓	✓	Coordinated through states and designed to mitigate the economic impacts of large layoffs at major employers (e.g., factories, hospitals), rapid response and dislocated worker supports may be available when flagship child care programs or chains face closure. These programs can support business turnaround or sale or facilitate workers transitioning to new employment.

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IRS	<a href="#">Work Opportunity Tax Credit</a>		✓		✓	Employers can file this tax credit when they hire employees from targeted groups, such as workers who receive SNAP, SSI, or who live in eligible empowerment zones.
IRS	<a href="#">Opportunity Zones</a>		✓			Opportunity Zones incentivize investment in low-income communities by deferring capital gains tax for investors who invest in Qualified Opportunity Fund intermediaries. These Funds must invest in businesses within their Opportunity Zone.
EPA > Land Revitalization Program	<a href="#">Brownfield Grants</a>	✓				Grants are available to developers, communities, nonprofits, and tribes to assess and remediate sites contaminated with hazardous substances or perceived to be contaminated.