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Capitalizing on the Capabilities of Child Care Resource and Referral Agencies & Community Development Financial Institutions to Stabilize and Increase the Supply of High-quality Child Care

With more than \$50 billion in child care relief available to states, territories and Tribal agencies who administer the **Child Care and Development Fund (CCDF)**, they and their local partners have unprecedented resources and opportunities available to stabilize and increase the supply of high-quality child care. Making the most of these opportunities means making wise decisions and investing resources in ways that are responsive to the strengths, needs and interests of local communities. Both **Child Care Resource and Referral Agencies (CCR&Rs)** and **Community Development Financial Institutions** can play a role in maximizing the use of these investments by leveraging the unique skills, experiences and relationships they hold in local communities.

[Child Care Resource and Referral \(CCR&Rs\) agencies](#) and [Community Development Financial Institutions \(CDFIs\)](#) are community-centered organizations and often have strong connections with the local child care community and relevant stakeholders. Recognizing the complexities and nuance of the child care system at all geographic levels, they serve as trusted partners, knowledgeable about the child care industry and the local child care landscape. As intermediaries, they can provide expert, specialized support in child care stabilization, supply-building and quality improvement efforts.



Child Care Aware® of America (CCAOA)



Local Initiatives Support Corporation (LISC)

The purpose of this resource:



Build awareness and understanding of available child care technical assistance that focuses on shoring up the organizational capacity and financial sustainability of child care operations.



Promote effective coordination strategies for deploying child care funds through intermediaries (specifically CCR&Rs and CDFIs).



Explore the role of technical assistance in stabilizing the child care sector (by addressing fundamental topics around business management, facilities and space, etc.) and ensuring that child care providers are prepared to access and invest new dollars in ways that result in increased quality and/or new high-quality supply.



Support states, territories and Tribal agencies in understanding the intermediaries who work with child care in their communities to forge partnerships and collaboration in support of the thoughtful deployment of resources to the sector.



What is technical assistance?

Definitions for technical assistance vary across agencies and organizations. The following [definition](#) addresses important aspects of technical assistance: Technical assistance (TA) is “*timely provision of specialized advice and customized support to resolve specific problems and increase clients’ capacity.*” Basic TA typically provides and promotes access to up-to-date information and resources. More intensive TA goes beyond provision of information and often involves assessment of needs, strengths and barriers, individualized planning, goal setting, delivery of TA and follow up.

Core Capabilities of CCR&Rs and CDFIs as Intermediaries and TA Providers

The child care industry is rife with complexity—from navigating funding streams, managing licensing and regulation to mastering the provision of high-quality early learning. It is also highly localized and often interconnected, with many frameworks instituted at more granular levels and dependent on other systems, such that agencies must be adept at understanding the nuance and detail of local ecosystems. While CCR&Rs and CDFIs seek to effectively address the comprehensive needs of the sector, many have recognized the importance of integrating upfront training and technical assistance with access to additional capital and resources to ensure the ongoing stabilization and sustainability of child care operators.

Here is a look at some of the core competencies of CCR&Rs and CDFIs and how these translate to the child care sector.

CCR&Rs



CCR&Rs increase access to high-quality, affordable child care by serving as resource hubs for families, child care professionals and communities. A network of over 450 CCR&Rs serves states, territories, tribes and local

communities across the country with a wide variety of direct and intermediary services, including training and technical assistance, to increase the supply of child care and strengthen child care business practices.

Prior to and throughout the pandemic, CCR&Rs have functioned as points of connection between government agencies, child care programs and parents. During the pandemic, CCR&Rs expanded call centers and outreach, connected essential workers to child care, connected providers to relief funding, provided hygiene kits, offered grants to child care providers for cleaning supplies, groceries and staff wages—and much more. CCR&Rs not only served as essential hubs, they also amplified parent and provider voices to inform state and local policy conversations. In many places, CCR&Rs are contracted by state, territory or Tribal child care administrators to provide technical assistance, direct and intermediary services.

CCR&Rs are poised to enhance their direct and intermediary services as well as their advocacy work in the short and longterms because community engagement and partnership is at the heart of what CCR&Rs do. CCR&Rs stand ready to respond to opportunities for engagement that may occur in Child Care & Development Fund state planning, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act implementation and American Rescue Plan (ARP) implementation—as well as through coalition and movement building.

EXAMPLES OF ONGOING SERVICES PROVIDED BY CCR&RS INCLUDE:

- **Financial assistance**—distributing grant money and federal child care relief funding, administering federal child care assistance and other child care subsidies, and purchasing and distributing personal protective equipment and cleaning supplies for child care providers;
- **Training**—educating child care providers and community partners about licensing requirements, Quality Rating & Improvement Systems (QRIS) standards, exemplary business and pedagogical practices, and how to navigate licensing changes and operational adjustments necessary due to the pandemic;
- **Technical assistance**—providing expert onsite and virtual advice and customized support to help child care providers sustain and grow their programs, meet licensing requirements and keep providers and children safe; and
- **Other services**—recruiting child care providers, informing providers about grant opportunities, providing start-up grants for new providers, disbursing grants to improve the quality in settings, providing scholarships for the acquisition of Child Development Associate degrees and other credentials, and providing or connecting programs with shared services.

CDFIs



[Community Development Financial Institutions \(CDFIs\)](#)

intermediary organizations with a primary mission of community development, seek to provide fair, transparent financing and financial education to people and communities underserved by mainstream financial institutions. CDFIs can be banks, credit unions, loans funds, microloan funds or venture capital providers. There are more than [1,200 CDFIs nationwide](#) certified by the U.S. Treasury Department's CDFI Fund. Several of these CDFIs have developed specific expertise in supporting child care providers, including technical assistance and financial products tailored specifically to the unique needs of child care providers.

CDFIs have long worked to raise capital from public and private sources, and then pool and deploy resources in collaboration with local partners and community-based organizations to support the people and places to catalyze opportunities in locations across the country. At their core, CDFIs strive to engage communities, identify the unique needs of historically underserved places, develop innovative supports and target investments to ensure equitable and meaningful impact. Utilizing this community-focused approach means the breadth of this work often shows up differently depending on the nuance, complexity and underlying needs of a geographic area. They vary in size, geographic service area and sector focus. While child care and early learning are critical components of healthy and prosperous neighborhoods, CDFIs may interface with the child care sector in their geographies in a multitude of ways—through lending opportunities, local stakeholder engagement, targeted technical assistance and capacity building, small business supports, economic development strategies, and the design and implementation of deeper programmatic work.

While CDFIs played a critical role in the rapid deployment of resources during the pandemic, there are still locations that remain underserved by CDFIs. Understanding points of access and how the market can obtain financing products will help existing and new CDFIs expand their reach and ensure the sources of capital and accompanying technical assistance services are available to specifically support the stabilization and recovery of the child care landscape.

EXAMPLES OF ONGOING SERVICES PROVIDED BY CDFIs INCLUDE:

- **Training**—educating child care providers and community partners around the importance of high-quality early learning environments and the role facilities play in childhood development;
- **Technical assistance**—providing expert onsite and virtual advice and customized support to help child care providers sustain and grow their programs utilizing business TA and financing to support improved or expanded child care spaces;
- **Financial Services**—CDFIs raise capital to deploy to child care operators across the regions in which they work, connecting operators to the most appropriate form of flexible financial products (grants, loans, forgivable loans, etc.) to meet the business and operating needs of providers; and
- **Other services**—many CDFIs come equipped with research, evaluation and policy solutions practices which can provide important context and data to drive investment in the child care sector

The [National Children's Facilities Network \(NCFN\)](#) also serves as an important resource to CDFIs and the sector at large. NCFN is a coalition of 40+ CDFIs and other stakeholders dedicated to helping early care and education (ECE) providers develop high-quality physical learning environments and sustainable business models. By serving as financial intermediaries with expertise across planning, development, finance and other issue areas, CDFIs have been able to successfully support ECE providers as they navigate various real estate and business management challenges. NCFN seeks to support CDFIs as they engage with their local early learning communities to offer flexible capital and resources that equip providers with the knowledge and ability to access such financial tools and products.

Working to support the stabilization and ongoing sustainability of child care operators, CCR&Rs and CDFIs often address topic areas which are directly relevant to the core activities of their agencies. Training, technical assistance, coaching and the publication and dissemination of resources often supplement ongoing programmatic activities. While the inclusion of these distinct efforts often varies by agency and location, both CDFIs and CCR&Rs specialize in a wide range of content areas and can partner to expand the type and number of resources from which providers can benefit.

Core Capabilities of CCR&Rs and CDFIs



CDFI



CCR&R



Shared by CCR&R/CDFI

Topic Area:

Finance and Business Practices	X	Some	Some
Program		X	
Organizational Strength	X	X	X
Facility	X		

Services:

Training	Some	X	Some
Technical Assistance	X	X	X
Coaching	Some	X	X
Dissemination of Resources	X	X	X

Other Services:

Financing—Grants Administration	Some	Some	Some
Financing—Loans	X		
Resource Navigation (including application assistance)	Some	Some	Some
Community Engagement	X	X	X
Data Collection	X	X	X
Research and Evaluation	Some	X	Some
Community Outreach and Engagement	X	X	X
Local, state and federal advocacy	X	X	X
Connection to shared services		Some	

By partnering to understand child care operators needs in local markets—utilizing community engagement, data collection and research—these agencies can identify existing gaps in local resources. With information in hand, CDFIs and CCR&Rs can develop and coordinate strategies, ideally leading to an easy-to-navigate local network of quality improvement and maintenance initiatives and activities.

Situated at national and local levels, CDFIs, CCR&Rs and membership organizations such as NCFN and Child Care Aware of America connect to operations on the ground and take that work and knowledge to support systems-level improvements. This feedback loop is critical to getting the work right. CDFIs and CCR&Rs are listening and advocating at the federal level for the right resources based upon experience on the ground and in communities.

FEEDBACK LOOP FOR SUCCESS



CCAoA, CDFI Fund/
NCFN



Licensing, QRIS



CCR&Rs & CDFIs



Practice Spotlights

CCR&R Examples



During the pandemic, states relied heavily on CCR&Rs to meet the emergent needs of children, families and providers. According to [survey results](#) from more than 150 CCR&Rs representing 41 states, 75% of CCR&Rs

had plans to help child care providers reopen by providing information, helping providers secure PPE and cleaning supplies, or working to recruit child care providers to repopulate local supply. Further, more than four in five CCR&Rs reported good or excellent relationships with state child care administrators prior to the pandemic. Those relationships deepened over the past year, as CCR&Rs reported extensive communication with local and state administrators to respond to COVID-19. This is borne out by examples from across the country where states relied on CCR&Rs as an essential bridge between government and the parent and provider communities.

As we transition from relief to recovery, CCR&Rs are uniquely positioned to help states with implementation of the ARP Act and any future funding associated with economic recovery.

This is evidenced by states' continuing reliance on CCR&Rs to support pandemic relief efforts. For instance, nearly one in five states have described how they plan to rely on CCR&Rs for continued relief efforts through the funds they received through the CRRSA Congress passed in December 2020. States' plans vary and include using funds to support CCR&Rs' improvement and expansion of outreach efforts and services to families and to help providers with mitigation efforts, supply building and business coaching.

- [Kansas](#) plans to continue its partnership work with CCR&Rs around ensuring access to health consultants and distributing grant funds.
- [Colorado](#) will invest in CCR&Rs to conduct outreach to parents and report real-time availability of child care slot openings; they will also invest in CCR&Rs to help build the supply of licensed care, particularly for infants and toddlers.

EXAMPLES OF CCR&Rs PANDEMIC RESPONSE

- [California](#) relied on CCR&Rs to distribute \$50 million in reimbursement allocations to providers to cover the cost of PPE and cleaning supplies last spring. They also provided, and continue to provide, real-time survey results on the [supply](#) of center- and home-based care during the pandemic on a county-by-county level—which will be essential for supply-building activities. Additionally, local CCR&Rs offered referrals to connect essential workers to child care, provided hygiene supply kits to child care providers to help them stay open, and offered grants to support child care providers with cleaning supplies, groceries and staff wages.
- Kansas relied heavily on Child Care Aware® of Kansas to ensure relief funds were distributed equitably, including to providers who fell outside the state's licensing system. Child Care Aware® of Kansas was also tapped to implement the state's [Hero Relief Program](#) grants to child care providers last year when CARES Act funding became available to states. The CCR&R is also involved in a partnership with the state to ensure access to child care health consultants. And the CCR&R is also processing additional [Impact Grants](#) for child care providers to address facility and other demonstrated needs related to COVID-19 mitigation, health and safety.
- [Minnesota](#) partnered with Child Care Aware® of Minnesota to help center- and home-based providers gain access to relief funds through the provision of technical assistance and support in multiple languages to ensure equitable access to funds. [CCR&Rs](#) continue to be tapped to distribute multiple rounds of stabilization funding to providers.

CDFI Examples



As financial intermediaries, many CDFIs were well-positioned and served as child care emergency relief agencies, quickly administering public and/or private dollars to child care operators in the midst of the pandemic. With access to alternate financing products and a commitment to providing capital to underserved communities, CDFIs were also able to adjust underwriting criteria or offer new capital products to meet the rapidly changing needs of child care operators.

While relief aid is necessary to keep many child care operators afloat, it is critical to gauge the ongoing needs of the sector. Many CDFIs stay connected to grantees and borrowers and look to incorporate ongoing survey and data collection activities and feedback to refine and adapt programs. CDFIs seek to innovate supports and drive resources so they may be most impactful in meeting the needs of child care operators and the children and families they serve.

EXAMPLES OF CDFI RELIEF AID

- In partnership with the Rhode Island Department of Human Services (DHS), [LISC RI](#) launched the Child Care Provider Relief Fund in the summer of 2020 with \$5 million in approved CARES Act resources to offer emergency grants to help child care providers navigating the impact of the COVID-19 outbreak. [Grant funds were used for small capital improvements and to offset occupancy cost expenses.](#) Additionally, [LISC's Rhode Island Child Care & Early Learning Facilities Fund \(RICCELFF\)](#) provides ongoing technical assistance related to facility design and development, critical to build the supply of high-quality environments.
- The [Philadelphia Emergency Fund for Stabilization of Early Education \(PEFSEE\)](#), administered by Reinvestment Fund, was created to support Philadelphia's early learning sector during the COVID-19 crisis. To date, PEFSEE has provided \$6.7 million in grant funds to minimize the loss of revenue due to the pandemic. PEFSEE was capitalized with support from individuals and private philanthropy, namely the William Penn Foundation and Vanguard's Strong Start for Kids Program. Resources and technical assistance opportunities continue to be made available based on feedback from awardees through their [Coaching to Success Program](#).
- [First Children's Finance \(FCF\)](#) responded immediately to child care businesses, working to help assist entrepreneurs in managing cash flow, making difficult decisions, restructuring loans and searching for resources. From March 2020 to March 2021, FCF served 600+ child care businesses, providing over 5,000 hours of consultation and technical assistance. Additionally, they [conducted a survey](#) in partnership with the Minneapolis Federal Reserve to measure the impact of the pandemic on Minnesota-based child care businesses. As part of normal operations, FCF offers general business training and technical assistance to child care operators across: Iowa, Michigan, Minnesota, Louisiana and South Dakota.
- [Self-Help](#) administered the [Paycheck Protection Program \(PPP\)](#), strongly focused on assisting nonprofits and small businesses run by women and people of color. The PPP, offered through the U.S. Small Business Administration (SBA), has been a major response to provide economic relief during COVID-19. Self-Help provided application and forgiveness assistance to help entities navigate the process.

CCR&Rs and CDFIs partnerships



COMBINED EXAMPLES— WHAT IT LOOKS LIKE WHEN CCR&RS AND CDFIS DEVELOP PARTNERSHIPS

- Founded in 2001, the [Rhode Island Child Care and Early Learning Facilities Fund \(RICCELFF\)](#) is an innovative public-private partnership dedicated to expanding access to affordable, quality child care opportunities for low-income and high-needs children and families. Over the years, they have partnered with several agencies, including Bright Stars (local CCR&R), Center for Early Learning Professionals (PD TA hub) and others in an effort to reduce complication and offer comprehensive resources to the local child care community. This is accomplished through: case-management/quarterly meetings with all partner agencies to discuss workstreams, successes and challenges; ongoing identification of existing training opportunities and gaps that can be filled by partner agencies; and cross-referrals to other resources (for example, providers are referred to LISC when facility-related issues are identified in a QRIS/licensing monitoring report).
- In response to the COVID-19 pandemic, the [PAACT Fund for Quality \(PAACT FFQ\)](#) deployed nearly \$1 million to 60+ child care center and family child care homes in the city of Atlanta. PAACT FFQ was focused on stabilization efforts modeled after Reinvestment Fund's Philadelphia Emergency Fund for Stabilization of Early Education (PEFSEE) program. Quality Care for Children (local CCR&R), GEEARS: Georgia Early Education Alliance for Ready Students (a state-wide advocacy organization) and Reinvestment Fund partnered to develop the general program goals and design and Quality Care for Children administered the stabilization grant program made available through private funding. Funding was deployed quickly to programs in high-priority neighborhoods. Of the awardees, 89% are women-owned businesses and 80% are led by people of color.
- Prompted by a series of fires in 2017 that resulted in the loss of nearly 500 licensed child care slots in Sonoma County, Calif., [Low Income Investment Fund](#) (a CDFI based in California) partnered with First 5 Sonoma County, Community Child Care Council (4Cs) of Sonoma County (a local CCR&R) and the Child Care Planning Council of Sonoma County [to study](#) how to create a public/private partnerships to build child care facilities in affordable housing developments. LIIF, 4Cs and the other partners used what they learned from the study to [pilot and guide](#) successful supply-building work in Santa Rosa (the city most impacted by the fires).

New Federal Investments



[ARP Act funding passed by Congress in March 2021](#) allocates over \$39 billion in relief funding to states, territories and tribes for child care. Specifically, \$24 billion of that funding is designated for states, territories and tribes

to provide stabilization grants to child care providers. While 90% (80% for tribes) of those funds must be spent on subgrants to qualified child care providers for key operating expenses necessary to maintain or resume child care services, up [to 10% \(20% for tribes\)](#) may be used for administrative activities, supply-building activities and certain types of technical assistance. Lead agencies may spend all or part of this 10% set-aside directly or fund intermediaries, including CCR&Rs and CDFIs, to help meet the needs of providers. In addition, \$15 billion of funding is available to states, territories and tribes for activities allowed under the Child Care and Development Fund (CCDF), [including supply-building activities](#).

Because of their strong, positive ties with the local child care community and deep knowledge of the child care industry and the local child care landscape, CCR&Rs and CDFIs can bridge communications and help lead agencies respond to child care providers needs more quickly and more equitably. Funded partnerships with CCR&Rs and CDFIs can provide a layer of accountability and bolster impact.

For more information on the ARP Act, visit Child Care Aware of America's [implementation hub](#).

LEAD AGENCIES CAN ENGAGE CCR&RS AND CDFIS TO ADMINISTER CHILD CARE STABILIZATION GRANTS AND CARRY OUT SUPPLY-BUILDING ACTIVITIES SUCH AS:

- Developing and implementing a strategic plan for building supply;
- Conducting community needs assessments;
- Distributing start-up or facility improvement resources and grants;
- Supporting the expansion of high-quality child care facilities through technical assistance and other resources;
- Establishing or strengthening child care networks and staffed family child care networks;
- Raising and deploying public and private dollars as flexible grant and loan dollars for predevelopment, working capital and facility projects;
- Providing training and technical assistance on child care business practices, including use of [child care management systems](#);
- Expanding the use of shared services models; and
- Encouraging child care licensure and participation in quality rating and improvement systems.

Taking Action

What Lead Agencies Can Do



BELOW ARE A FEW EXAMPLES OF WAYS STATE LEAD AGENCIES CAN SEEK TO ENGAGE CCR&RS AND CDFIS:

- Use directories to identify [CCR&Rs](#) and [CDFIs](#) and that work in your geographic area;
- Encourage and financially support frequent, deliberate connections between CCR&Rs, CDFIs and the lead agency;
- Partner with CCR&Rs and CDFIs to administer government funding, including federal relief fund grants;
- Rely on CCR&Rs and CDFI for outreach and dissemination efforts, including on the availability of funds and providing technical assistance in gaining access to funds;
- Share CCDF Plans, research, data and strategies around the use of CCR&R and CDFIs as intermediaries and any associated results;
- Encourage CCR&Rs and CDFIs to share research, data, strategies and results;
- Consider ways to support and coordinate intermediary work at the local level; and
- Use federal relief funds to invest in CCR&Rs and CDFIs in their ongoing work to bolster high-quality child care and provide technical assistance to families and providers.

What CCR&Rs and CDFIs Can Do



CCR&Rs and CDFIs play critical roles in local communities and should forge ways to create or enhance relationships among themselves, particularly as the

country shifts from relief to recovery, and states seek to manage the influx of federal investments made available over the past year.

BELOW ARE SOME WAYS FOR CCR&RS AND CDFIS TO STRENGTHEN THEIR POINTS OF CONNECTION:

- Reach out to one another to introduce services and brainstorm ways to support one another's work;
- Establish and maintain frequent, deliberate contact;
- Refer to community needs assessments and share data to inform and promote coordination and equity and to align supply-building, workforce development, economic development and quality improvement efforts;
- Co-create or co-sponsor a training series on child care start-up, business practices, finance or facilities topics;
- Co-present informational sessions for child care providers and community stakeholders such as city planners, housing developers and local business operators;
- Establish representation on one another's leadership or advisory bodies;
- Partner on public awareness campaigns to influence local, state and national decision-making and investments;
- Collaborate to apply research and strategies at the community level and report on results; and
- Identify and connect child care operators to cross-sector resources at the local, state and national levels, including but not limited to housing and community facilities financing, credit building supports and small business loan capital. For example, the federal government included several pandemic stabilization resources that could be directed to support child care providers, including increases to the Community Development Block Grant (CDBG), Coronavirus State and Local Fiscal Recovery Fund resources, financing made available via the State Small Business Credit Initiative, the Small Business Administration Community Navigator Program, and the Coronavirus Capital Project Fund.

Additional Resources

[How Child Care Resource and Referral Agencies Can Partner with Community Development Financial Institutions to Increase Child Care Programs' Access to Financial Services and Information](#) (2-page brief)

[Considerations for CDFIs: Supporting the Early Care and Education Sector During this Time of Unprecedented Federal Investment](#) (3-page brief)

[How States Can Improve Child Care Facilities & Physical Spaces Using Federal Relief Dollars](#)

[Optimizing Distribution of American Rescue Plan Funds to Stabilize Child Care](#)

Contact Us

Contact CCAoA at learnmore@usa.childcareaware.org for questions or comments.

Contact LISC with questions or comments by reaching out to Bevin Parker-Cerkez, Senior Program Officer, LISC and Chair of the NCFN Membership Committee at bparkercerkez@lisc.org.

If you are a CDFI interested in becoming a member of the National Children's Facility Network (NCFN), please visit the NCFN website, www.ncfn.org.