



Joint Resource Guide

To strengthen and expand child care facilities in rural communities

Presented by:

The U.S. Department of Agriculture – Rural Development,
and the U.S. Department of Health and Human Services –
Administration for Children and Families

Together, America Prospers

USDA - RD AND HHS - ACF
JOINT RESOURCE GUIDE
TO STRENGTHEN AND EXPAND CHILD CARE FACILITIES
IN RURAL COMMUNITIES

Dear Colleagues:

Child care is critical to our nation's families and the U.S. economy. Even before the global COVID-19 pandemic, child care options were limited for too many Americans. The pandemic has only exacerbated child care supply issues, as many child care programs have been forced to close their doors; some, permanently. Access to quality, affordable child care and early learning opportunities is imperative for rural America. It enables parents to work, strengthens the economy, and supports children's overall development by laying the groundwork for future success in school and life.

The shortage of available, affordable child care options impacts parents – especially mothers, so often the family's primary caregivers – particularly hard. Many struggle to juggle child care and work, while others have been forced to quit their jobs, directly impacting their ability to provide for their families. Child care workers – especially women of color – are in danger of losing their businesses, and children aren't getting the quality care they so desperately need.

As we begin to recover from the pandemic and more Americans return to work, we need to strengthen existing child care infrastructure and also meet the increasing demand for affordable, quality child care for working families. This is particularly important in rural and Tribal communities where child care and early childhood development options are already limited.

Together, the U.S. Department of Health and Human Services Administration for Children and Families and the U.S. Department of Agriculture Rural Development mission area have developed this Joint Resource Guide to further our commitment to supporting rural families. We stand ready to work alongside our partners and stakeholders to meet the growing need for quality, affordable child care infrastructure in rural communities, promoting strong rural economic recovery and development, and championing the success of working families.

Sincerely,



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Throughout this resource guide, unless otherwise specified, the term “child care” generally refers to early care and learning programs that can be delivered in a variety of settings, including center-based child care and Head Start / Early Head Start. Across the country, the primary sources of federal funding for these programs are governed by the Administration for Children & Families (ACF). State and local jurisdictions also provide funding for child care across the country. Collectively, these programs improve access to high-quality, affordable child care, and support the early learning and care of our nation’s children and their families.



Child Care in Rural America

This Joint Resource Guide was developed in partnership with the U.S. Department of Agriculture – Rural Development (USDA-RD) and the U.S. Department of Health and Human Services – Administration for Children and Families (HHS-ACF) Office of Early Childhood Development. The purpose of this guide is to provide useful information to help stakeholders in rural communities – including Tribes and Tribal organizations – address the need for improved access to affordable, high-quality child care and early learning facilities.

We encourage you to use the resources in this document to develop meaningful partnerships to bolster early childhood development in your communities. By working together to strengthen child care and early learning infrastructure, you can ensure the success of working families and promote a robust rural economy.

Importance of Early Childhood Development

The first few years of life lay the foundation for resilient, safe, healthy, and economically secure children. Access to high-quality child care and early learning opportunities strengthens this foundation and directly supports the success and well-being of rural families.

Unfortunately, many families – particularly those in rural areas – do not have access to the affordable, high-quality child care and early learning opportunities their children need. Child care can be among the biggest expenses a rural family faces, and it can also be a barrier to finding and maintaining employment. Prioritizing child care and early learning, and investing in child care infrastructure – including in Head Start and Early Head Start facilities – is both a critical education strategy and a strategic economic development strategy.

Realities of Child Care in Rural America

The unique characteristics of rural communities may contribute to some of the child care and early learning challenges faced by rural families and service providers.

Here are some examples:

- **Fewer choices** – Because child care and early learning options can be limited in rural areas, parents and caregivers often rely on extended family to provide informal care, which may not be ideal for comprehensive early childhood development.
- **Limited transportation options** – Rural communities often lack access to reliable public transportation. In addition, travel times between home and child care settings can be lengthy, particularly for those seeking center-based options.
- **Lower population density** – Rural areas tend to be more sparsely populated and, as such, generally offer fewer child care centers and providers. Lower population density also can be an impediment to attracting qualified care providers to an area.
- **Fewer skilled service providers** – As with many professional services, skilled child care and early learning providers may be sparse in rural communities.
- **Lower incomes** – The high cost of child care places many options out of reach for lower-income rural families.

HHS-ACF ([acf.hhs.gov](https://www.acf.hhs.gov)) administers numerous sources of funding for high-quality child care programs, including the Early Head Start program, the Head Start program, and Child Care programs. State and local jurisdictions across the country also provide funding for child care, and, both child care and early learning programs can be delivered in a variety of settings- including center-based child care.

USDA-RD ([rd.usda.gov](https://www.rd.usda.gov)) administers a number of programs that offer loans, loan guarantees, and grants to help create jobs and support rural economic development through the financing of essential community facilities, including child care, early childhood learning centers, and more.

HHS-ACF and **USDA-RD** are collaborating to encourage investment in high-quality, affordable child care and early learning opportunities because this is a critical component of building and strengthening economic prosperity in rural communities. Bolstering child care options and increasing the supply of child care and early learning facilities is fundamental to revitalizing rural communities and the rural economy.



Child Care and Early Childhood Development Resources Available from USDA-RD and HHS-ACF

This section outlines resources and funding opportunities available to help address child care needs in America's rural communities. These programs support child care and early learning facilities, equipment and furnishings, and also offer capacity building technical assistance. Each program description indicates whether the program supports center-based and / or home-based early care.



USDA – Rural Development Resources to support Child Care Facilities and Early Learning Opportunities in Rural America

USDA Rural Development (USDA-RD) is the lead federal agency tasked with helping rural communities grow and prosper. Its mission is to stimulate economic development and improve the quality of life in America's small towns and rural places. A detailed list of key USDA-RD programs is included in [Appendix A](#). Through a variety of programs with specific eligibility criteria and congressionally-mandated limitations, USDA-RD primarily supports center-based child care facilities, as well as home-based child care that meets program eligibility requirements. Funding from specific USDA-RD programs can be used to offset costs associated with new construction, or to renovate or expand an existing building, plus cover the cost of equipment, furnishings, and utilities necessary to support child care in rural areas. Interested stakeholders can inquire about these programs through their USDA-RD state office. ([rd.usda.gov/page/state-offices](https://www.rd.usda.gov/page/state-offices))

1. RURAL HOUSING SERVICE (RHS)

([rd.usda.gov/about-rd/agencies/rural-housing-service](https://www.rd.usda.gov/about-rd/agencies/rural-housing-service))

The following programs support center-based child care and early learning facilities:

Community Facilities Programs (CF): ([rd.usda.gov/programs-services/all-programs/community-facilities-programs](https://www.rd.usda.gov/programs-services/all-programs/community-facilities-programs)) CF loan programs provide long-term, fixed-rate, low-cost direct loans, or loan guarantees to commercial lenders to help finance essential community facilities in rural areas.

- **Community Facilities (CF) Direct loans:**

([rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program](https://www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program))

CF Direct Loan funds can be used to construct, enlarge, improve, develop, or finance essential community facilities such as child care centers. It is also possible to use funds to expand or renovate schools, libraries, hospitals, and other essential facilities in rural areas to incorporate space to house child care and early learning facilities. Funds also can be used to purchase necessary equipment, including equipment for distance learning, furnishings, and fixtures.

In addition, a Community Facilities relending provision enables the Community Facilities program to make loans to eligible community lenders, such as Community Development Financial Institutions (CDFIs), which then re-lend the money to finance community facilities projects. A portion of these funds are targeted to support essential community facility projects in high poverty or persistent poverty areas. (<https://www.rd.usda.gov/programs-services/community-facilities-relending-program>)

Eligible Entities:

Eligible entities include public bodies, nonprofits, and federally-recognized Tribes. A CF direct loan can be made for eligible facilities located in a city, town, or unincorporated area of not more than 20,000 residents.

- **Community Facilities Guaranteed Loans**

([rd.usda.gov/programs-services/community-facilities-guaranteed-loan-program](https://www.rd.usda.gov/programs-services/community-facilities-guaranteed-loan-program))

This program provides credit enhancement to support commercial lending and access to capital in rural areas. The Community Facilities Guaranteed Loan Program can guarantee up to 80 percent of principal and interest on loans and bonds made by a commercial lender to a nonprofit, public body, or federally-recognized Tribe.

Loan proceeds can be used to construct, enlarge, or otherwise improve essential community facilities, including rural child care facilities. This includes the purchase of equipment and vehicles, as well as reasonable professional service fees such as those necessary for feasibility studies, legal, architectural, and engineering services.

Eligible Entities:

Applicants in rural areas with populations not exceeding 50,000 are eligible for loan guarantees, although priorities are given to towns with populations of 20,000 or fewer.





- **Community Facilities (CF) Grant Program**
(rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program)

Grant funds typically are used to purchase necessary equipment and vehicles in support of essential community facilities and services, including child care and early learning centers. Grants are provided on a graduated scale; smaller communities with the lowest median household income are eligible for a higher proportion of grant funds. There also are limits to the maximum percentage of grant assistance that can be provided: 75 percent of the total project cost and / or \$50,000.

Eligible Entities:

Eligible entities include public bodies, nonprofits and federally-recognized Tribes. Projects must be in rural areas with populations of 20,000 or fewer.

- **Tribal College Grants**
(rd.usda.gov/programs-services/tribal-college-initiative-grants)

This program provides funding to 1994 Land Grant Tribal Colleges and Universities (TCUs) to make capital improvements to educational facilities. This includes the purchase of necessary equipment, and supports new development – or expansion of – existing facilities to accommodate child care services. Partnerships with other federal, state, local, private and nonprofit entities are encouraged. In most cases, TCUs (sometimes in partnership with a federally-recognized Tribe) also are eligible for Community Facility program direct and guaranteed loans.

Eligible Entities:

Land Grant Tribal Colleges and Universities as noted above.

- **Rural Community Development Initiative (RCDI)**
(rd.usda.gov/programs-services/rural-community-development-initiative-grants)

RCDI grants help nonprofit housing and community development organizations, low-income rural communities and federally-recognized Tribes support housing, community facilities and community and economic development projects in rural areas. This program follows the “Train-the-Trainer” concept, with the goal of having a deep bench of skilled resources

upon which to draw and put best practices into action. Grantees can use funds to build the capacity of local providers to develop and operate child care centers. There is a matching fund requirement equal to the amount of the grant. Partnerships with other federal, state, local, private and nonprofit entities are encouraged.

Eligible Entities:

Public bodies, nonprofit organizations, and federally-recognized Tribes are eligible applicants. Projects must benefit ultimate recipients in the following eligible rural areas: any area *other than* 1) a city or town that has a population of greater than 50,000; or 2) the urbanized area contiguous and adjacent to such city or town.

- **Technical Assistance and Training (TAT)**
(rd.usda.gov/programs-services/community-facilities-technical-assistance-and-training-grant)

The Community Facilities Program makes grants to public bodies and private, nonprofit entities, (such as states, counties, cities, townships, and incorporated towns and villages, boroughs, authorities, districts, and tribes on federal and state reservations to provide Technical Assistance and Training (TAT) with respect to essential community facilities programs (including rural child care and early learning facility projects). TAT can help communities, Tribes, and nonprofit entities identify and plan for community facility needs in their area. Once those needs are identified, the grantee can then help find public and private resources to finance those needs — including Rural Development loans, loan guarantees, and grants.

Eligible Entities:

Public bodies, nonprofit organizations, and Tribes on federal and state reservations are eligible to apply for TAT.

2. RURAL BUSINESS-COOPERATIVE SERVICE

(rd.usda.gov/about-rd/agencies/rural-business-cooperative-service)

The Rural Business-Cooperative Service offers programs to help businesses grow, as well as supporting job training for people living in rural areas. The following programs support commercial and nonprofit center-based and home-based child care providers that meet certain conditions:

- **Business and Industry (B&I) Loan Guarantee Program**
(rd.usda.gov/programs-services/business-industry-loan-guarantees)

The B&I Loan Guarantee program bolsters the availability of private credit by guaranteeing loans for rural businesses. Loan guarantees can help finance the conversion, expansion, repair, modernization, or development of businesses (including child care centers) in rural communities with populations of up to 50,000. Eligible project costs include the purchase and development of land, easements, rights-of-way, and buildings. Rural child care centers operating as a rural business using a commercial business model may qualify for B&I loan guarantees from an approved lender.

Eligible Entities:

Lenders with the legal authority, sufficient experience and financial strength to operate a successful lending program can become approved lenders in the B&I program. For-profit business, nonprofits, cooperatives, federally-recognized Tribes, public bodies and individuals can qualify for loan assistance from an approved B&I lender. Interested borrowers should inquire about the program with their lender.

- **Rural Business Development Grants (RBDGs):**
(rd.usda.gov/programs-services/rural-business-development-grants)

Rural Business Development Grants can be used to acquire or develop land, buildings, and manufacturing plants; to purchase equipment, or to build or improve access roads, parking areas, utility extensions, and water and waste disposal facilities. Funds also can be used to provide technical assistance, establish revolving loan funds, and support rural distance learning programs that provide educational or job training. **Note:** Created with the Agricultural Act of 2014, the RBDG combines the former Rural Business Enterprise Grant and Rural Business Opportunity Grant. The RBDG is not awarded directly to – or passed through – rural businesses. Eligible applicants can use funds to foster the development of small and emerging private businesses in eligible rural areas or towns outside the urbanized periphery of any city with a population of 50,000 or more.

Eligible Entities:

Eligible applicants include towns, communities, state agencies, authorities, nonprofit entities, institutions of higher education, federally-recognized Tribes and rural cooperatives organized as private, nonprofit corporations.

3. RURAL UTILITIES SERVICE

(rd.usda.gov/about-rd/agencies/rural-utilities-service)

USDA's Rural Utilities Service (RUS) provides much-needed infrastructure or infrastructure improvements to rural communities. These include water and waste treatment, electric power and telecommunications services. The following RUS program supports center-based child care and early learning facilities:

- **Distance Learning and Telemedicine (DLT) Grants**
(rd.usda.gov/programs-services/distance-learning-telemedicine-grants)

The Distance Learning and Telemedicine program helps rural residents tap into the enormous potential of modern telecommunications and the internet for education and health care; two of the keys to economic and community development. DLT grant funds can be used to provide end-user equipment and programming that delivers distance learning (this includes child care and early learning providers) and telemedicine services to eligible areas to improve education and healthcare. Interested applicants should contact their state-specific General Field Representative for assistance: (rd.usda.gov/contact-us/telecom-gfr)

Eligible Entities:

Incorporated entities such as municipalities, for-profit and nonprofit entities that operate rural schools, libraries, child care facilities, health care clinics, and other educational or health care facilities in rural areas with populations up to 20,000.

**USDA also has additional resources to support child care centers:
Ensuring Children Have Access to Nutritious Meals and Snacks**
(<https://www.fns.usda.gov/cacfp>)

The Child and Adult Care Food Program (CACFP) is a federal program that provides reimbursements for nutritious meals and snacks to eligible children and adults enrolled for care at participating child care centers, day care homes, and adult day care centers. CACFP also provides reimbursements for meals served to children and youth participating in after-school care programs, children residing in emergency shelters, and adults over the age of 60 or living with a disability and enrolled in day care facilities. CACFP contributes to the wellness, healthy growth, and development of young children and adults in the United States.

More information can be found here: <https://www.fns.usda.gov/fns-101-cacfp>



**HHS-ACF Head Start, Child Care, and
Community Services programs for Early Care**

The Administration for Children and Families (HHS-ACF) (acf.hhs.gov) is the lead human services agency within the U.S. Department of Health and Human Services. ACF's mission is to foster health and well-being by providing federal leadership, partnership and resources for the compassionate and effective delivery of human services. Several programs at ACF focus on increasing access to affordable, high-quality child care and learning options, which may occur in center- or home-based settings. To ensure effective delivery of human services, most ACF funding is provided to states, federally-recognized Tribes, and territories. A detailed list of key ACF programs is included in [Appendix A](#), beginning on page 29.

ACF supports child care and early learning options through a variety of programs with specific eligibility criteria based on federal legislation. The highlighted programs below can be used for specific facility-related projects and purchases such as construction, expansion and renovation, and furnishings.

1. HEAD START PROGRAM

This program supports Head Start and/or Early Head Start centers.

- **Head Start (HS) and Early Head Start (EHS)**
(<https://www.acf.hhs.gov/ohs>)

Head Start is administered by the Office of Head Start (OHS) at ACF, and funding is awarded as a direct grant to eligible entities to offer comprehensive services to pregnant women and children ages 0-3 (Early Head Start) and children

ages 3-5 (Head Start). Head Start grantees may request one-time awards to purchase, construct or engage in major renovations to facilities. The resulting HS / EHS facilities support the delivery of high-quality, comprehensive early learning services for low-income children from birth to age five, and their families. Only existing HS or EHS grantees may submit facilities funding applications.

In addition to the cost of facilities, activities covered by 45 CFR Part 1303-Subpart E (available at this link: <https://eclkc.ohs.acf.hhs.gov/policy/45-cfr-chap-xiii/1303-subpart-e-facilities>) grantees also can request equipment, materials and supplies necessary to facility operation. HS/EHS grantees may submit one-time facilities applications in the Head Start Enterprise System (HSES) through their usual application procedure, with additional information to demonstrate compliance with 45 CFR Part 1303-Subpart E. Any questions regarding facilities applications should be directed to the assigned Program Specialist. For more information including prior approvals and reporting, please see ACF Real Property Guidance, https://www.acf.hhs.gov/grants/real-property#book_content_0.

- **Early Head Start – Child Care Partnerships**
(acf.hhs.gov/ecl/early-learning/ehs-cc-partnerships)

This program supports Center and Home-based care providers.

The Early Head Start – Early Care Partnerships (EHS-CCP) program provides resources for

grantees to partner with child care and home-based child care centers to increase the availability of EHS for more infants and toddlers. A key element is layering child care and EHS funding with other – including local – resources, to expand access to high-quality, full-day, full-year comprehensive services for infants and toddlers from low-income working families. HS/EHS grantees can partner with local child care centers and family-based child care operations that agree to meet Early Head Start standards. In exchange, child care providers receive access to critical resources, including coaching, professional development and higher education, and early learning materials and equipment. Several EHS-CCP grantees have used funds to improve child care and home-based child care partners' facilities, including both indoor and outdoor learning spaces in U.S. states, territories and Tribal locations.

Eligible Entities:

Eligible entities include existing Head Start and Early Head Start grantees. Newly-funded grantees may seek facilities funding requests in support of start-ups. Local public or private nonprofit agencies, including community- and faith-based organizations, or for-profit agencies, may receive Head Start funding. Some programs are designated in service to the children of migrant and seasonal farm workers and American Indian and Alaska Native populations. While not directly eligible for Head Start facilities funds, child care partners offering Early Head Start services may benefit from minor renovations or repairs to their facilities, if such funds are provided under the terms of their agreement with a partner grantee.

2. CHILD CARE & DEVELOPMENT FUND (CCDF)
(acf.hhs.gov/occ/fact-sheet-occ)

- **Among other child care options, this funding supports center- and home-based early care.**

The Child Care and Development Fund (CCDF) is a block grant to states, territories and federally-recognized Tribes to support low-income working families, and those in – or transitioning away from – Temporary Assistance for Needy Families (TANF). CCDF also funds quality improvement activities and initiatives, such as training for child care providers. Child care may be provided in centers or family homes.

Center-based child care operates in a separate building, typically with multiple, age-specific classrooms. Center-based child care providers include individually-owned small businesses, larger chains with locations across multiple cities or states, Head Start and Early Head Start, and Pre-Kindergarten in public school systems.

Home-based child care operates with licensed or informal providers in family homes. Informal providers may include friends, neighbors or extended family who care for very few children but may still be regulated in some manner if they receive public funds. Parental choice is a key component of CCDF, and parents may select any legally-operating, participating provider (in a child's home, a family child care home, or child care center) that meets their needs, provided health and safety requirements also are met.



States and territories may use CCDF funds for minor renovations, remodels or upgrades to assure providers meet applicable health and safety standards. However, the CCDF may *not* be used for building or facility purchase, construction, or major, permanent structural change.

With prior approval from HHS-ACF, federally-recognized Tribes **may** use CCDF dollars for the construction of new child care facilities or for major renovations that include large structural changes. They can also use these funds to incorporate child-focused and culturally-appropriate elements into construction work or renovation designs.

Eligible Entities:

Eligible entities include states, territories and federally-recognized Tribes that designate a lead agency to develop and administer the CCDF program in their jurisdiction.

3. OFFICE OF COMMUNITY SERVICES

The Office of Community Services (OCS) partners with states, communities and agencies to eliminate causes of poverty, increase self-sufficiency of individuals and families, and revitalize communities.

- **Community Economic Development (CED)**
(acf.hhs.gov/ocs/programs/ced/about)

This program supports center-based child care.

CED funding is administered by the Office of Community Services (OCS) and is awarded as discretionary grants for the purpose of creating new jobs, including child care jobs, for low-income individuals (including TANF recipients). CED - Social Enterprises (CED-SE) funds support well-planned, financially-viable and innovative social enterprise incubation projects. The CED-SE grant is a five-year program designed to enhance community economic development and job creation.

CED projects actively recruit low-income individuals for jobs created through CED-funded development activities. Selectees hold those jobs for at least one year after the end of the grant period. CED grants also can fund the construction and renovation of child care facilities included in approved community revitalization projects that meet required job creation metrics. These funds may be used in conjunction with – or to leverage – USDA-RD funds for child care facilities.

Eligible Entities:

Eligible entities include private, nonprofit Community Development Corporations (CDCs) in disinvested communities.

4. ADMINISTRATION FOR NATIVE AMERICANS (ANA)

(acf.hhs.gov/ana)

The ANA administers the Esther Martinez Immersion program and the Social and Economic Development Strategies initiatives. These funding opportunities support high-quality child care and early learning for the development of children in tribal communities.

These programs support center-based child care:

- **Esther Martinez Immersion (EMI)**
(acf.hhs.gov/ana/esther-martinez-bio)

The EMI grant assists community-driven projects – including child care and early learning facilities – designed to preserve Native American languages through Native American language nests and Native American language survival schools. This fund also can be used to support school-based child care and reduce classroom size requirements, in addition to expanding financial assistance language nests and language survival school programs designed for ages 36 months – five years. The Native American Language Nests project consists of site-based educational programs that provide child care and instruction in Native American languages for children under the age of seven for an average of 500 hours per year, per child. It also provides classes in the same languages for the parents or legal guardians of enrolled children.

Eligible Entities:

Eligible entities include federal- and state-recognized Indian Tribes, Alaska Natives, Native American and Native Hawaiian organizations, and native populations throughout the Pacific Basin (including American Samoa, Guam, and the Commonwealth of the Northern Marina Islands). These entities work with locally-determined eligible entities.

- **Social and Economic Development Strategies (SEDS)**
(acf.hhs.gov/ana/programs/seds)

This program supports unmet child care needs in center- and home-based settings.

A competitive grant managed by the Administration for Native Americans, SEDS supports locally-determined projects designed to provide high-quality early education and child development services to Tribal populations. SEDS also works to eliminate community problems that impact early childhood educational goals – for example, increasing the availability of needed child care facilities – in order to improve the lives of Native American children and families.

Eligible Entities:

Eligible entities include federal- and state-recognized Indian Tribes, Alaska Natives, Native American organizations, Native Hawaiian organizations, and native populations throughout the Pacific Basin (including American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands). These entities work with locally-determined eligible entities.

5. REFUGEE RESETTLEMENT PROGRAM
(acf.hhs.gov/orr)

The Office of Refugee Resettlement (ORR) helps new populations maximize their potential in the United States by linking them to critical resources that assist them in becoming integrated members of American society.

- **Refugee Family Child Care Microenterprise Program (RFCCMED)**
(acf.hhs.gov/orr/programs/refugee-family-child-care)

This program supports home-based and center-based child care.

The RFCCMED grant is administered by the Office of Refugee Resettlement (ORR) to help recently-arrived refugees and other ORR-eligible populations establish and operate family child care businesses in their homes. RFCCMED funds cover training and technical assistance in child care, improving business skills, and applying for a child care license. The grant also offers a cash stipend to cover the cost of start-up supplies and materials.

Eligible Entities:

Eligible entities include public and non-profit organizations that meet eligibility requirements and serve refugee populations that include all federally-approved new population groups resettled in the United States, including refugees, asylees, Cuban or Haitian entrants, Amerasians, unaccompanied alien children, and survivors of torture. Check RFCCMED grant notification for eligibility.



Key Considerations for Developing Child Care and Head Start Facilities by Leveraging USDA-RD and HHS-ACF Resources

There are several key components to establishing and operating a successful child care or learning center. Child care providers must abide by federal, state, and local regulations and standards, and they must ensure they provide a healthy, safe environment for all children in their care.

This section outlines how an entity interested in owning or operating a child care facility can optimize available resources from both HHS-ACF and USDA-RD to help meet child care needs in their rural community. Practical information is presented in two parts: 1) Considerations for developing a child care center that can function as a Head Start or Child Care facility within USDA-RD Community Facility guidelines, and 2) Considerations for development of child care and early learning facilities that focus on serving tribal communities.

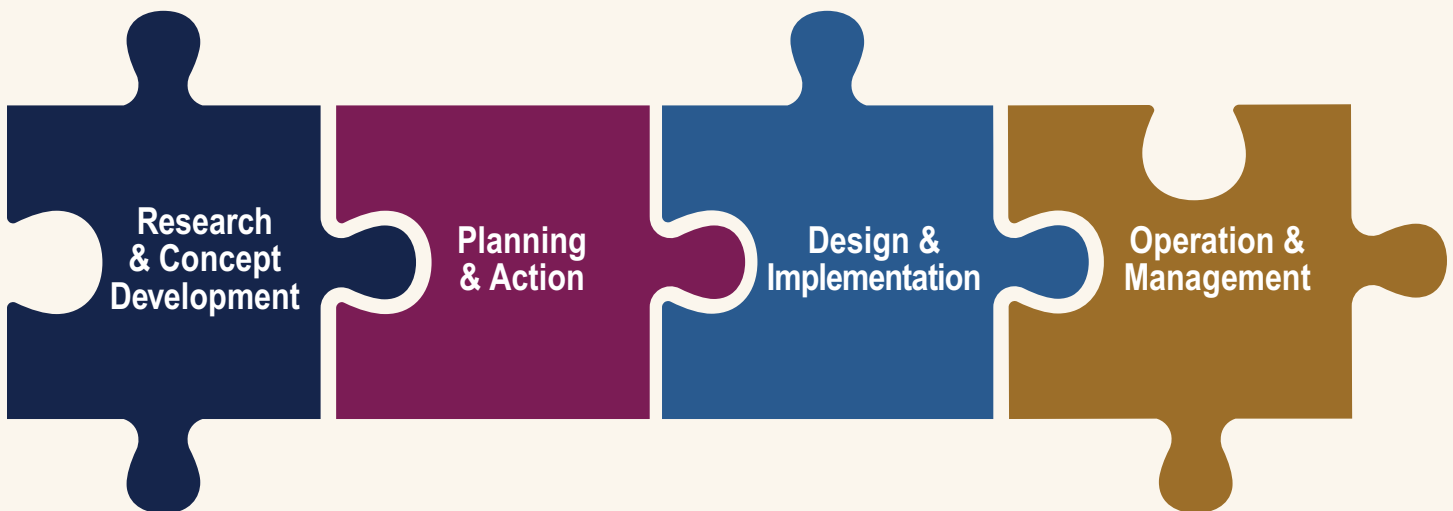
Additional details on developing Head Start and Child Care based on respective ACF program requirements will be found in [Appendix B](#) (page 35).



The first step is to determine the type of child care services needed in your community and understand the key components of running each type of facility:

- Head Start and Early Head Start programs provide free early learning to eligible children from birth to age five, along with comprehensive services for them and their families. If you are an existing or new Head Start grantee, you can leverage USDA-RD's Community Facilities Program to expand or construct a facility to meet early child care and learning needs in your community.
- Center-based child care often is run as a business and must meet licensing and accreditation requirements. Eligible entities can leverage USDA-RD's Community Facilities or Rural Business Programs to expand or construct a child care facility.
- Home-based child care or family child care (FCC) is child care offered in a provider's home. FCCs are required to meet licensing and regulatory requirements. USDA-RD's Community Facilities Programs cannot support FCCs because they do not meet program eligibility requirements based on 7 CFR 1947, available at this link: <https://go.usa.gov/xFZuu>. Eligible entities can, however, access the Rural Business-Cooperative Service's guaranteed loan program. Providers will need to leverage other public and private resources for this purpose.

Key Considerations for Developing and Operating Head Start/Early Head Start and Child Care Centers:



Phase one: Research and Concept Development

This consists of completing a needs assessment, learning about the programs, licensing and background checks, and understanding legal, tax, and insurance requirements. Your state lead child care agency responsible for subsidizing child care programs can tell you if funds are available to help you start a new child care program or expand your existing one, and how to apply. You can locate the lead agency in your state by visiting <https://www.acf.hhs.gov/occ/contact-information/state-and-territory-child-care-and-development-fund-administrators>.

There are many local Child Care Resource and Referral (CCR&R) agencies that provide information about child care in local communities and about financial assistance and funding opportunities. CCR&Rs also can help you learn more about provider support organizations, training, marketing, best business practices, and more. You can find out about local CCR&Rs by calling Child Care Aware (CCA) at 800-424-2246 or visiting <https://childcareaware.org>.

Community infrastructure projects such as child care centers require input from a variety of stakeholders, accurate budgets, and effective communication with the public. It is important to have a thorough understanding of facility needs and operational rules and requirements, and to engage the community during the concept development stage of the project. This will help inform the market and capacity analysis.

If you are considering Head Start or Early Head Start Programs:

- Use the Notice of Funding Opportunity (NOFO) Locator function (<https://eclkc.ohs.acf.hhs.gov/grant-application/article/funding-opportunity-announcement-foa-locator>) to find service areas where Head Start and Early Head Start grants currently are available.
- Visit the Head Start program website (<https://www.acf.hhs.gov/ohs>) to learn the process of becoming a Head Start grantee or how to partner with existing Head Start grantees in your community. Please see [Appendix D](#) (page 38) for more information on the Head Start (HS) program.

- Use NOFO guidance to identify the types of organizations eligible to apply for Head Start funding. Know what to expect during the review process and understand the evaluation criteria for the NOFO to which the application will be submitted. Successful applicants will receive a Notice of Award (NoA) along with applicable terms and conditions via email. Applicants will find instructions on accessing document(s) that pertain to their award in the remarks section of the NoA.

Effective research and concept development work assesses needs versus wants, analyzes the market, identifies a design team, and determines what is feasible to help the project proceed timely and within budget. This leads us to:

Phase two: Planning and Action – This includes developing a budget, securing a location, creating policies and procedures, and assessing the feasibility and market for your program. At this stage, we encourage you to contact your state Rural Development office (rd.usda.gov/page/state-offices) to begin discussions about funding resources for the facility and needed equipment.

Rural Development staff can assist with the following:

- **Determining Eligibility:** The eligibility of the applicant and the project should be determined early in the concept phase. Rural Development's state and area offices can help explain and expedite this process. If the entity is a nonprofit child care organization, it is important for the board to be structured with majority representation from public body groups including schools, city and county government, hospitals and economic development organizations. The board also should include representation from parents, the operating organization itself, and interested individuals from the community.
- **Identifying capital sources:** Identifying funding resources early in the project development process can save significant stress later. Rural Development's Community Facilities programs are a powerful source of capital for child care infrastructure projects.

Prepare a capital budget to support your capital cost for new facility:

- 1 Start with an initial estimate. This early projection of costs will offer a sense of how much money you will need, and will help you assess whether the project is feasible.
- 2 Once you have identified a site or project, revise the budget. Plan to work with a qualified architect to prepare accurate construction and other estimates. Continue to refine your estimate based on new information as it becomes available.
- 3 Revise the budget again as the design development phase draws to a close. With detailed plans, you can produce a more refined capital budget.
- 4 Expect to revise the budget again after receiving contractor bids. The most accurate budget will include the construction contractor's bid.
- 5 Don't forget to budget for unanticipated expenses. The capital budget should include a construction cushion for any unexpected circumstances.

This is also the time to explore private capital - along with state funding to leverage with federal programs. Contact the ACF-HS regional manager if you plan to use Head Start (HS) funds. For Head Start grantees, you can use the Intercreditor Agreement (see next page) as a leverage to access USDA-RD funds. Also, get familiar with the appropriate state and local extension service agencies and other charitable foundations and financial intermediaries that support the child care industry.





Intercreditor Agreement:

The ACF – Office of Head Start and USDA's Rural Housing Service have an Intercreditor Agreement.

The purpose of the agreement is to help a Head Start grantee interested in expanding or building a rural early childhood development facility access affordable, long-term financing from USDA Rural Development's Community Facilities Program.

The Intercreditor Agreement facilitates the management and coordination of the respective laws, regulations and policy guidance governing USDA's Rural Development Program and HHS-ACF's Head Start Program. It allows Head Start grant funds to be used to acquire property by making payment of principal and interest in satisfaction of the USDA loan. HHS-ACF expects to periodically award additional funds to grantees which can be used to make subsequent principal and interest payments on such loans.

The agreement notes that property acquired or improved with HHS-ACF's grants is held in trust by grantee for the beneficiaries of Head Start. Additionally, the use of the Interagency Creditor Agreement spells out HHS-ACF's right to cure in the event of a grantee's default. Head Start grantees also should ensure they comply with Head Start regulations found in 45 CFR 1303 Subpart E. (<https://eclkc.ohs.acf.hhs.gov/policy/45-cfr-chap-xiii/1303-subpart-e-facilities>).

You can access the Interagency Creditor Agreement for facilities applications by talking with the program's assigned Program Specialist via the official Head Start Enterprise System (HSES), and work with your Rural Development state office to use this resource. For more information, please see *Real Property Standard ACF Templates*, https://www.acf.hhs.gov/grants/real-property#book_content_3.

In addition, assessing the feasibility and market for the proposed child care center at this stage will ensure you are on the right track.

- **Commissioning a feasibility study:** A feasibility study will help verify the financial assumptions made by the project team. Feasibility studies consider a variety of factors affecting budget and operations. The USDA-RD CF program accepts three levels of financial feasibility reports based on the loan amount requested, applicant experience, and security. They are: 1) an analysis, 2) a compilation report, and 3) a report with examination opinion. An applicant should allow adequate time for a qualified, independent third party to complete the financial feasibility compilation report or examination opinion. Child care infrastructure projects may require additional studies based on the requirements established by other funding partners. These might include a detailed cost-benefit analysis, an opportunity cost analysis, or a risk assessment.

- **Conducting a market analysis:** This analysis, typically included with the feasibility study, defines user demand and identifies opportunities to attract additional users to a given project. A thorough market analysis can help identify anticipated demand, provide a comparative price and cost analysis, and a competitive overall analysis. If a child care center will primarily provide care for the children of employees of a particular business or businesses, you can request that the business guarantee payment of a specific number of slots.

Phase three: Design and Implementation – This stage includes moving forward with designing the child care center, complying with applicable accreditation(s), establishing health and nutritional practices, assuring adequate supervision and met safety standards, stipulating staffing expectations, and adopting suitable child care policies and procedures.

During this phase, the project moves from concept to reality. State licensing and staffing requirements affect the design of the facility and actual square footage. Staffing and space requirements vary depending on the



age of the children and are an important consideration in meeting project cash flow needs. This is also the point at which an architect or engineer begins to formally participate in the process. This phase includes the development of a preliminary architectural or engineering report, which provides reviewers – including Rural Development program staff – with a thorough understanding of the project.

- **Contractor selection:** This step should occur immediately after designing the project. Contractor selection must include criteria that indicate an understanding of the impacts of – and mitigation measures required for – seasonal and extraordinary weather conditions. This is also the time to identify other partnerships.
- **Understanding environmental requirements and ensuring environmental compliance:** All construction projects financed by Rural Development are subject to the agency’s environmental compliance review process, which incorporates federal Executive Orders and statutes designed to protect the natural and human environment. Projects receiving federal funds are

subject to the National Environmental Policy Act (NEPA) review process. This review requires time and resources to complete, so it is important to plan early.

- **Financing Construction:** The construction phase of a project process entails special financing. Long-term capital sources typically will not contribute during the construction phase because costs are well above revenues (normally, non-existent) at this point in the process. The project team therefore will need to work with financial consultants or other partners to identify short-term, interim construction financing at rates favorable for construction.

Phase four: Operation and Management – This consists of choosing a suitable curriculum, nurturing active family engagement, ensuring developmentally-appropriate practices, fostering positive caregiver-child interactions, and integrating play with learning environments in both indoor and outdoor settings. Thus begins the “own and operate” stage.

For tips on how to be well prepared to start, own, and operate a child care center or a family early care, please see [Appendix B](#) on page 35.

Key Considerations for Developing Head Start / Early Head Start and Child Care Centers to serve Tribal Communities

- Tribes face unique challenges in financing capital improvements for community facilities, including child care facilities. Often, the competing priorities of aged infrastructure and a general lack of access to capital contributes to delays – or the shelving of – urgently needed tribal facility projects. In response to this challenge, Tribes can consider leveraging ACF and USDA Rural Development funding to finance Tribal child care and early learning facilities.
- First, Tribes that have adequate revenue to secure debt and repay a USDA-RD Community Facilities (CF) Direct or Guaranteed loan are encouraged to collaborate with USDA-RD and HHS- ACF staff early and often. This alliance can help all parties coordinate their respective roles in the project - with the Tribe as borrower and facility owner and operator, USDA-RD as the lender or guarantor for the facility or equipment financing, and HHS-ACF to assist with grant funding in support of program operations critical to sustained operations and loan repayment. The application process for a CF Direct or Guaranteed loan can be time intensive, so getting all parties to the table will ensure the project financing team is well-informed on program requirements.
- Next, certain ACF Head Start program and Tribal Child Care and Social Economic Development programs allow funding for facility costs as part of child care and early learning operations and maintenance. Depending on the size of the USDA-RD CF Direct or Guaranteed loan, these funds can help Head Start grantees that serve Tribal communities secure and repay all or part of a USDA-RD loan. In other words, if a Tribe doesn't have other revenue sources available to repay a loan from USDA-RD, it can use HHS-ACF Head Start allowable program funds through the Intercreditor Agreement to repay its debt to USDA.
- Finally, if a Tribe needs equipment for its Child Care or Head Start program, USDA-RD manages a modest amount of CF Grant funding each year that can help with a broad range of equipment for

essential community facilities, including equipment for schools, Child Care and Head Start facilities. The CF program also provides grant funding to 1994 Land Grant Institutions (Tribal Colleges and Universities) to make capital improvements to their educational facilities and to purchase equipment. Tribal College Grants can be used for child care facilities for TCU faculty, staff and students, along with other CF and ACF Program funds.

- Tribes are encouraged to partner with other Tribal and nonprofit entities to identify the best child care solutions for their unique circumstances. For instance, Tribes may want to partner with a local Tribal or community college to improve access to child care for its members (see example in the Innovations and Success Stories section). Additionally, Tribes might want to consider integrating child care facilities into other Tribal capital improvement plans, like including space in a Tribal administration or other Tribal multi-use facility. If there are other Tribes nearby, consider partnering with them, or with businesses and nonprofit service providers in the area.
- Each Tribal entity has different needs, and both USDA-RD and HHS-ACF staff can assist with tailoring a financial solution to support critical child care and early learning options that work best for their children, their families, and their community.



Collaborating with Partners and Leveraging Other Funding Opportunities

Rural communities and stakeholders interested in expanding or starting a child care or early learning facility are encouraged to identify and partner with other public- and private-sector entities. Each child care project requires a tailored financing strategy that capitalizes on organizational strengths, targeted financing opportunities, and local alliances. Partnerships can help bring technical expertise to the table and mobilize much-needed community support and capital. In addition to USDA-RD and HHS-ACF, there are many other resources and leveraging opportunities for child care and early learning facilities. Often, a successful project requires strategically combining programs and resources in collaboration with others.



Here are some examples of such resources, organized by the entity that administers the funds:

U.S. Department of Housing and Urban Development:

- **Community Development Block Grants (CDBG)**
– These funds are made available on a formula basis through annual grants to entitled cities and counties, or to states (which then award grants to smaller units of local government). CDBG grants support a range of community revitalization projects, including Head Start and Child Care centers, and other projects to primarily benefit low- and moderate-income people. CDBG funds can be used to cover preconstruction and construction costs for a new facility or renovation of an existing facility. In more rural areas, the state administers the CDBG program. Learn more about CDBG here: <https://protect2.fireeye.com/url?k=25846e07-79d16714-25845f38-0cc47adb5650-0485e88360cdda1b&u=https://www.hudexchange.info/programs/cdbg/>.
- **Indian Community Development Block Grants (ICDBG)** – HUD also administers an Indian Community Development Block Grant (ICDBG) Program for Tribal communities to help support the creation of decent housing, suitable living environments, and economic opportunities primarily for persons with low and moderate incomes. Under the ICDBG program, HUD makes competitive grants to Tribes and certain Tribal organizations, which can then use ICDBG funds to cover preconstruction and construction costs for new or renovated Head Start and Child Care centers. Learn more about ICDBG here: https://www.hud.gov/program_offices/public_indian_housing/ih/grants/icdbg.

U.S. Department of the Treasury:

- **Community Development Financial Institutions Fund** – Treasury’s Community Development Financial Institutions Fund (CDFI Fund) programs can inject new sources of capital into low-income communities through certified community development financial institutions (CDFIs).

CDFIs are mission-driven financial institutions that take a market-based approach to supporting economically-disadvantaged communities. CDFIs include banks, credit unions, loan funds, microloan funds, and venture capital providers. CDFIs can

play a role in supporting child care facilities – especially in rural communities where access to resources are limited – by offering tailored financing and innovative programs that invest federal dollars alongside private-sector capital.

Several CDFIs have expertise and experience in supporting child care providers in accessing capital resources and other funding streams for facility development, expansion, or renovation. They also understand the child care business model and can offer technical assistance to help providers make smart decisions while assembling public and private capital to fund projects.

Some CDFIs have partnered with the U.S. Department of Agriculture to qualify as re-lenders for the Community Facilities Direct Loan Program. A relending provision allows the Community Facilities Program to make loans to qualified community lenders — including CDFIs — who then re-lend the money to finance essential community facilities projects, including child care centers, primarily in high and persistent poverty areas.

To contact a Community Facilities relender, please contact your Rural Development state office: <https://www.rd.usda.gov/about-rd/state-offices>.

Learn more about CDFIs and find CDFIs that serve your community here: <https://www.cdfifund.gov/>.

U.S. Small Business Administration (SBA):

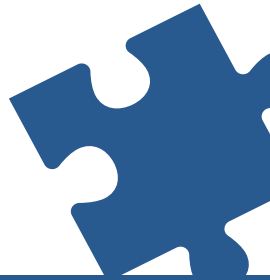
The SBA provides resources to small business owners and entrepreneurs including child care providers. Resources include offering guidance on writing a business plan, calculating start-up costs, and funding a business. To further help small business owners, the SBA helps match them with lending partners who can provide SBA-guaranteed loans, reducing the financial risk to the lender while making it easier for small businesses to get loans. Learn more about SBA programs here: <https://www.sba.gov/funding-programs/loans>.

U.S. Environmental Protection Agency:

- **Renovation, Repair and Painting Rule** – This rule requires that renovations of child-occupied facilities be performed only by Lead-Safe Certified renovation firms, using specialists trained in lead-safe work practices. This requirement helps ensure renovations do not inadvertently contaminate a facility and expose children to hazardous lead dust. Learn more about this program here: <https://www.epa.gov/lead/renovation-repair-and-painting-program-operators-childcare-facilities>.
- **Lead Testing in School and Child Care Program Drinking Water Grant** – Authorized under the Water Infrastructure Improvements for the Nation Act of 2016, this is a state-administered, noncompetitive grant program that supports voluntary lead testing in drinking water at schools and child care programs. Congress appropriated \$26.5 million for fiscal year 2021. Learn more about this program here: <https://www.epa.gov/dwcapacity/grants-testing-lead-drinking-water-schools-and-child-care-centers>.

U.S. Department of Education:

Child Care Access Means Parents in School Programs – This program provides campus-based child care and early learning options for low-income parents enrolled in postsecondary education. Funds can be used to support or establish campus-based child care programs and may be used to meet child care needs of students, and of the community itself. Grant funds can support personnel, equipment, and supplies, and can be used for minor renovations and repairs to meet state or local health and safety requirements. Learn more about the program here: <https://www2.ed.gov/programs/campisp/index.html>.



Charitable Foundations:

Charitable foundations can play a vital role in assembling capital. Some private foundations offer planning grants, and others may be willing to set aside a portion of a larger capital grant to be used prior to construction to help cover planning costs and other soft costs and fees.

Foundations may be national, regional, local, or community-based. There also are family foundations that support child care and early learning opportunities. To find community foundations in your area, visit <https://www.cof.org/community-foundation-locator>.

Some national foundations may provide capital funding for neighborhood-based facility projects, especially if the building project is in their headquarters city or within their geographic target area. Community foundations pool funds from multiple donors, and you can work with them to explore funding your project in their geographic area of interest. Family foundations primarily are controlled by family and board members. They typically give priority to projects in their own communities and are more likely to support neighborhood-centric applications.

To engage foundations, it is more effective to meet with them directly: don't just send unsolicited proposals. Applicants interested in starting center- or home-based child care can search online for foundations that fund early childhood development, child care and early learning, or education facilities. To learn more about foundations, visit <https://www.cof.org/> or <https://www.ecfunders.org/funding-landscape/>.

Innovative Approaches

Given prevailing economic challenges, an innovative way to meet child care needs is to collaborate with partners in your community. You may have opportunities to leverage existing community infrastructure to meet child care needs in rural America by co-locating child care and early learning facilities in those settings. Examples follow below:



Child care in assisted-living facilities or nursing homes

– Many rural communities offer assisted living facilities or nursing homes for older residents, and these provide a possible location for child care. This approach has several advantages. First, assisted living and nursing home facilities already meet most building code requirements necessary for child care centers. Second, they provide opportunities for elderly residents and young children to interact. Third, child care for staff can be supplied on site, which may produce higher retention rates for both facility staff and child care workers. Finally, this approach supports economy of scale, as much of the overhead associated with food preparation, housekeeping, and laundry service is shared with the assisted living or nursing home facilities.

School-based care – In rural areas, the public school often serves as a central point for the community, and many rural areas have established child care centers in public schools. For example, some centers offer preschool, full-day child care, and before- and after-care for school-aged children. They also offer Head Start and Early Head Start programs. A school-based center can provide adult educational opportunities, training for early care providers, parenting classes, and health services for students. Because parents may be allowed to ride the school bus to take their children to the center, the transportation challenges that rural families often face can also be addressed.

Community organizations – Community organizations such as Community Action Agencies and other nonprofit organizations play an important role in rural settings and offer another possible location for child care and early learning. They are often well-integrated into the community, provide a variety of services, and pursue community-wide solutions to support families.

Community-based facilities generally have – or can build – accessible and safe facilities that can serve as child care and early learning settings.

Their members can help develop a network of contacts to access funding sources, and parents may feel more comfortable leaving their children in such a setting. To find a community action agency in your community, visit <https://communityactionpartnership.com/find-a-cap/>.

Health Care Facilities – The COVID-19 global pandemic underscores the necessity of meeting child care needs for essential health care workers to enable them to continue meeting health care needs in their community. Health care facilities can support the communities' child care needs by identifying adjacent space or making space available within the health facility that can be repurposed for child care and early learning, as well as offer temporary care for patients.

Community Colleges – Rural community colleges play a critical role in their local communities. They provide an innovative, high-quality curriculum for traditional degree programs and also offer workforce education. They might also serve as crucial partners in meeting the early childhood development needs of the community. Community colleges often support adult students who require child care in order to complete their education. Many provide reliable and accessible child care on campus, and it may be possible to leverage this resource for meeting the child care needs of the broader community. Community colleges also can host business incubators and workforce development centers to train entrepreneurs interested in starting child care business, and leverage an on-site center as a training facility.

Success Stories



Successful Child Care Social Enterprise: MAHUBE-OTWA Family Child Care Pod

Child care solutions in rural areas need to be community-driven and innovative, and must take advantage of the unique resources available rural communities. For example, the MAHUBE-OTWA family child care pod model in Detroit Lakes, Minnesota, allows home-based child care providers to start their own family child care business in a space co-located with other providers. Each provider leads their own classroom, yet together, they serve as a small network to share services and collaborate.

Successful Tribal Child Care: Red Lake Nation and Red Lake Nation Tribal College

USDA-RD partnered with the Red Lake Nation in Minnesota to finance \$11.3 million in improvements at the Red Lake Nation Tribal College campus. Financing was provided through USDA-RD's CF Direct Loan program. The new, 42,000-square-foot facility boasts a day care center designed to accommodate single parents and families seeking to further their education without the stress of having to find off-campus child care. A kitchen is included to provide meals for both college students and children at the day care.

The facility houses enough classroom space for up to 550 students. Additionally, many students now work in virtual classrooms - allowing them to share classes with students from other Tribal nations across Minnesota and beyond. A primary goal of the physical expansion and additional virtual learning options is to afford students the opportunity to earn four-year degrees without leaving the Red Lake community.

On-site child care ensures these educational opportunities are equally available to students with young children, and that quality child care is available for both the students and faculty of the college.

Successful Rural County Community Action Agency Solution: Garrett County, Maryland

With an overall investment of \$800,000, the Garrett County Community Action Agency (GCCAC) developed a 6500-square-foot early childhood education center that combined a \$132,000 USDA-RD Community Facilities Direct loan and a \$68,000 USDA-RD Community Facilities Guaranteed loan through a local bank. GCCAC also used an HHS-ACF \$150,000 Quality Improvement grant and leveraged other grants from HUD-CDBG, Rural Local Initiatives Support Corporation (LISC) – a CDFI / local government grant – to complete the project.

This community center houses Early Head Start, Child Care, and administrative office for the Judy Hoyer program (link here: <https://marylandfamiliesengage.org/judy-center-hubs/>), which serves the whole family. The programs operating from this center are helping repay the loans, and the grants awarded were instrumental to making the project feasible. GCCAC also has developed three stand-alone Head Start centers exclusively using HUD-CDBG and HHS-ACF grants due to lack of adequate revenue and other funding sources. Adequate revenue streams and owner equity contributions or grants are helpful when accessing debt financing for projects, and GCCAC demonstrates how multiple sources of funding can be cobbled together for this purpose.



***Successful Partnerships
with Community
Development Financial
Institutions (CDFIs):***

- **CDFI supporting a Child Care business with USDA funding:** Seedlings to Sunflowers, a nonprofit child care program in Gorham, Maine, received funding with the support of Coastal Enterprises, Inc. (CEI), a Maine-based CDFI, through \$1.495 million in USDA-RD CF loan financing and TD Bank. The financing enabled land acquisition, construction, and development of the facility. CEI also offered workforce assistance to help Seedlings to Sunflowers reach its goals to create quality jobs and hire 50 percent of its employees from within the low- to moderate-income Gorham community.
- **CDFI using HHS funding to support Child Care in rural Maine:** Coastal Enterprises, Inc. (CEI) launched the Child Care Business Lab in 2020 following a \$400,000 award from the U.S. Department of Health and Human Services' Community Economic Development program. This five-year initiative will expand access to child care in rural Maine's economically-distressed communities, with a goal to launch up to five, high-quality child care businesses. To help entrepreneurs plan and launch a new child care enterprise and operate it sustainably, the Child Care Business Lab will provide formal business start-up education, resources to support business plan development and accreditation, guidance on how to deliver high-quality child care programming, and advice on hiring and operations. The program also will provide mentorship, peer support, networking opportunities and support for accessing capital, while developing a network of child care providers throughout the state. This approach has great potential for replication in other states.



Success in using State Initiatives to Support Child Care Needs:

In 2013, the Massachusetts Legislature approved a five-year housing and community development bond bill which, for the first time ever, included a new Early Education and Out of School Time (EEOST) Capital Fund to improve the quality of child care program facilities. It was re-authorized in 2018. The Fund provides grants of up to \$1 million to improve child care facilities that support low-income families, and focus on early education and child care. Children's Investment Fund, and its affiliate — Community Economic Development Assistance Corporation — oversee the program along with the Department of Early Education and Care. Learn more about this initiative here: Children's Investment Fund. "Building Stronger Centers." <https://cedac.org/cif/training/building-stronger-centers/>.

Successful Child Care Partnerships with Foundations: A Family Foundation Success Story

The Ross Foundation took the lead in providing financial resources to fund child care centers in Pleasants and Ritchie counties in West Virginia.

The foundation also funded a child care community assessment, with findings built into a mapping tool to help communities assess the availability of child care by type and capacity. Learn more about this by visiting <https://public.tableau.com/app/profile/tres.ross/viz/ChildCareAnalysis/MapofProviders>.

A Success Story on Local Foundations' Collaborative

The Ross Foundation, Bernard McDonough Foundation, Parkersburg Area Community Foundation, and a group of smaller foundations combined resources to provide capital and operational support to early child care businesses in West Virginia. The local foundations assisted in opening three child care centers under the brand "Bright Beginnings," operating under the authority of the regional Community Action Center and Community Resources. The foundations' pool of funding resulted in the purchase of a building, renovations, and start-up costs totaling \$314,500.



Conclusion

This Joint Resource Guide highlights approaches to help fund new child care facilities; to renovate, expand and improve existing early learning settings, and to leverage Head Start and Early Head Start resources with USDA-RD and HHS-ACF programs along with other federal, state, local and nonprofit resources to help meet child care needs in rural America. We hope the guide offers creative solutions to meet the need for child care and early learning opportunities in our rural communities, and serves as a continuation of – not a conclusion to – this important, ongoing conversation.

Appendix A: Program Matrices

Program	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
<u>Community Facilities Loans and Grants</u>	Improve, develop, or finance essential community facilities for rural communities. Facilities must primarily serve rural residents.	Public bodies, nonprofits, and federally-recognized Tribes.	Construct, enlarge, or otherwise improve essential community facilities such as public safety and fire and rescue; telecommunications, schools, libraries, hospitals, and other health care facilities. This also can encompass furnishings, fixtures, and other necessary equipment.	City, town, or unincorporated area of not more than 20,000 for direct loans. For loan guarantees, not more than 50,000. Loan guarantee funds are prioritized in favor of towns with populations of 20,000 or fewer.	Direct loan, loan guarantee, or grant	Up to 100 percent of market value. Term is for the useful life of the facility or equipment, based on state statute, or 40 years. Maximum grant 75 percent of project cost. Grant eligibility based on income, population, and need.
<u>Rural Community Development Initiative</u>	To facilitate housing, community facilities, and community and economic development projects.	Private nonprofit or public organizations, philanthropic foundations, low-income communities.	Technical assistance grants of \$50,000 to \$300,000 to develop the capacity and ability of awardees to carry out needed projects.	City, town, or unincorporated area of not more than 50,000 in population.	Grant	Matching funds required for grant.
<u>Business and Industry Loan Guarantees</u>	Create jobs and stimulate rural economies by providing financial backing for rural businesses.	Lenders and businesses	Real estate, buildings, equipment, supplies, working capital, and some debt refinancing.	All areas except cities with populations exceeding 50,000 and their contiguous urbanized areas.	Loan guarantee	Lender and borrower negotiate terms. Up to 30 years for real estate, 15 years for machinery and equipment, and 7 years for working capital.
<u>Rural Business Development Grants</u>	Help small and emerging private businesses and nonprofits in rural communities start-up or expand. Note: This program combines the former Rural Business Enterprise Grant and Rural Business Opportunity Grant programs and was created through the 2014 Farm Bill.	Public bodies, government entities, nonprofit entities, and federally-recognized Tribes.	Acquire or develop land, buildings, plants, and equipment; build or improve access roads, parking areas, utility extensions, and water and waste disposal facilities; provide technical assistance; establish revolving loan funds; and support rural distance learning programs that provide educational or job training.	All areas rural in character except cities with populations exceeding 50,000 and their contiguous urbanized areas.	Grant	Grants are awarded on a competitive basis.
<u>Distance Learning and Telemedicine</u>	Develop and deploy advanced telecommunication services throughout rural America to improve education and health care.	Incorporated entities including municipalities, for-profit, and nonprofit corporations that operate rural schools, libraries, health care clinics, and other educational or health care facilities.	To provide end-user equipment and programming that delivers distance learning and telemedicine services to eligible areas.	Rural areas outside incorporated or unincorporated cities with populations up to 20,000.	Grant	Awards range from \$50,000 to \$500,000. A minimum of 15 percent in matching funds is required.

- Community Facilities Technical Assistance and Training Grant:

Objective: Provide associations Technical Assistance or training with respect to essential community facilities programs

Applicant: Public bodies, nonprofit organizations, federally-recognized Tribes

Uses: To assist communities in identifying and planning for community facility needs; identify public and private financing resources; prepare necessary reports, surveys, and applications, and improve operational management of community facilities

Population: Rural areas including cities, villages, townships, towns, and federally-recognized Tribal lands outside the boundaries of a city with a population of 20,000 or more

Loan or grant? Grant.

Terms and conditions: Maximum award = \$150,000. Grant funds limited and competitive. Matching funds not required, but preference is given to applications with cash matching funds. In-kind contributions cannot be used as matching funds. Partnerships with other federal, state, local, private, and nonprofit entities encouraged.

- Tribal College Initiative Grants:

Objective: To provide funding to 1994 Land Grant Institutions (Tribal Colleges) to make capital improvements to their educational facilities, and to purchase equipment

Applicant: Tribal Colleges as listed in Section 7402 of the Agricultural Act of 2014.

Uses: Funds may be used for infrastructure improvements, to purchase equipment, and to develop essential community services, including schools, educational equipment, libraries, dormitories, renovations and improvements, vehicles and major equipment, and cultural projects.

Population: Tribal Colleges as listed in Section 7402 of the Agricultural Act of 2014.

Loan or grant? Grant.

Terms and conditions: Grants up to \$250,000 per eligible land grant institution. Funds can be used to pay up to 95 percent of project costs. A 5 percent match is required, and partnerships with other federal, state, local, private, and nonprofit entities are encouraged.



Rural Area Eligibility Criteria

By law, the definition of “eligible rural area” is different for each USDA Rural Development program. The statutory rural area eligibility criteria for most programs are complex. Additionally, the statute also may include exceptions that provide consideration for specific communities based on regional circumstances. The table on the opposite page offers a general overview of the basic rural area requirements for our major programs.

- **Use Our Eligibility Tool:** Our online tool at <https://eligibility.sc.egov.usda.gov> can help customers determine if they are in an eligible rural area and are otherwise qualified to apply.
- **Ask an Expert:** Before starting any application for assistance, we encourage customers to contact USDA Rural Development (link here: <https://www.rd.usda.gov/about-rd/state-offices>) and speak to a specialist to learn more about rural area requirements and other eligibility criteria for the program.

HHS / ACF Matrix:

Office	Program	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Office of Head Start (OHS)	<u>Head Start and Early Head Start (HS/EHS) programs</u>	HS/EHS programs prepare America's most vulnerable young children to succeed in school and in life.	Agencies in local communities in every U.S. state and territory	Expanding access to high quality, comprehensive early learning services. In addition, HS funds support asset building, expansion and renovation of new facilities.	Low-income infants and toddlers and their families	Grant	Grantees are required to conduct a community-wide strategic planning and needs assessment.
Office of Child Care (OCC)	<u>Child Care Development Fund (CCDF)</u>	Provides financial assistance for child care costs. CCDF also enhances the quality of early care and education and afterschool programs.		Federal funding to help pay for child care for low-income working parents. CCDF also funds quality improvement activities and initiatives. Access additional resources for Tribal CCDF by clicking here.	Low-income working parents and families		Starting in FY 2020, states must spend at least 9 percent of funds on quality improvement activities and an additional 3 percent on infant and toddler quality improvement.
	<u>Pre-school Development Grants Birth through Five (PDG B-5) Program</u>	Facilitate collaboration and coordination within existing programs within state and early childhood care and education programs.		Initial Grants fund statewide needs assessments and strategic planning. Renewal Grants provide funds to update the state's needs assessment, program performance evaluation plan and strategic plan.		Grant	
Office of Family Assistance (OFA)	<u>Temporary Assistance for Needy Families [TANF] program</u>	Strongly committed to the importance of early childhood development as a critical factor in strengthening families.		Provide a range of benefits and services such as cash assistance, job training, job placement, education, subsidized employment, and supportive services, including child care.			

Office	Program	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Office of Community Services (OCS)	<u>Community Economic Development (CED)</u>	Projects award funding for well-planned, financially-viable, and innovative projects to enhance job creation and business development for individuals with low incomes.	Nonprofit community development corporations in disinvested communities	Creating new jobs, including early care supply	Low-income individuals, including TANF recipients.	Grant	Expected to actively recruit individuals with low income to fill job positions created by CED - funded development activities, to help those individuals successfully hold the jobs, and to ensure the businesses and jobs created stay viable for at least one year after the grant period ends.
		CED program-Award funds to CDCs for well-planned, financially-viable, and innovative projects.	Community Development Corporations (CDCs)	Develop new products, services, and commercial activities that result in new job positions, while also addressing a local unmet need or solution.	Individuals with low incomes, community constituents and stakeholders, including child care and early care.	Grant	Projects must be located in geographic areas with a demonstrated need for social enterprise, such as a county designated as having persistent poverty.
	<u>Community Services Block Grant (CSBG)</u>	Supports activities that mitigate the root causes of poverty.	U.S. states, territories, and federally-recognized Tribes and Tribal organizations	Activities vary depending on local needs, but often include services related to educational attainment, accessing and maintaining employment and self-sufficiency, household budget management, obtaining adequate housing, and promoting greater community participation.	Individuals and families with low incomes, as well as low-income communities.	Grant	States must pass through no less than 90 percent of the CSBG grant award. Of the remaining 10 percent, states can use up to five percent for administrative costs and the remaining funds for projects that support the statutory goals of CSBG. States are also required to conduct a full on-site review of each local entity at least once every three years.
	<u>Social Services Block Grant (SSBG)</u>	States provide essential social services that help achieve a myriad of goals to reduce dependency and promote self-sufficiency.	U.S. states and territories	Provides funding to increase economic self-sufficiency, prevent or address neglect, abuse, or the exploitation of children and adults, prevent or reduce inappropriate institutionalization, and secure referrals for institutional care, where appropriate.	Children and adults	Grant	
Administration for Native Americans (ANA)	<u>Native Language Preservation and Maintenance Program (P&M)</u>	Provides for the revitalization of Native American languages through Native language immersion and restoration programs.		Supports Native American grantees in assessing, planning, developing, and implementing projects to ensure the survival and continuing vitality of Native American languages.		Grant	ANA funding can only be used for renovations and minor alteration to early care space or child care facilities. Grants from these programs allow up to \$250,000 or 25 percent – whichever is less – of the total approved budget for a budget period for minor construction projects.

Office	Program	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Administration for Native Americans (ANA) (cont.)	<u>Esther Martinez Immersion Programs (EMI)</u>	Designed to preserve Native American languages through Native American language nests and Native American language survival schools.	Tribal Nations	<p>The Native American Language Nests Project consists of site-based educational programs that provide child care/early care and instruction in a Native American language for children under the age of 7 for an average of at least 500 hours per year per child, and provide classes in the same languages for parents or legal guardians of enrolled children.</p> <p>The Native American Language Survival Schools Project consists of site-based educational programs for school-age students that provide at least 500 hours of immersion instructions in Native language per year and per student.</p>	School-aged students	Grant	The Native American Language Survival Schools project requires the development of instructional courses and materials, provision of teacher training, and progress towards achieving Native American language fluency and academic proficiency in mathematics, reading, and the sciences. In addition, it requires applicants for language survival school funding to be located in areas that have a high number or percentage of Native American students.
	<u>Social and Economic Development Strategies (SEDS)</u>	Supports locally-determined projects designed to provide high-quality early education and child development services to Tribal populations.		Support projects designed to provide high-quality early education and child development services to Tribal populations or eliminate community problems that impact early childhood educational goals (this includes addressing needed supply of child care/early care facilities).		Grant	
Office of Refugee Resettlement (ORR)	<u>Refugee Program</u>	The ORR works to connect refugees to federal mainstream services through these programs.			Adults and family units; also cover child care costs		
	<u>Refugee Family Child Care Microenterprise Development Program (RFCCMED)</u>	Helps refugees establish and operate successful family child care businesses.			Refugees		

Appendix B: How to Start and Operate Child Care, Head Start / Early Head Start Facilities



Tips for starting and operating Center-Based and Home-Based child care programs:

Your local Child Care Resource and Referral (CCR&R) agency can help with all the steps involved in starting and operating a child care facility. Be sure to contact your local CCR&R early in the planning process. Similarly, reaching out to your local Rural Development office early in the planning stages of the project will help you prepare a successful application for Rural Development loans and grants to finance your project.

How to Apply for and use Head Start funds for Facilities

Head Start Facility Grant Application Process

After successful applications and HS awards, grantees interested in accessing HS funds for facilities can submit a one-time application.

- Use Part 1303 Pre-approval Guidance and Checklist, and direct questions about facilities to the program's assigned Program Specialist via the official HSES correspondence tab.
- Explore the specific regulations in the Head Start Act and the Head Start Program Performance Standards that grantees should consider when they want to purchase, construct, or renovate a facility using Head Start grant funds. Use this resource to support the development and analysis of facilities pertinent to these regulations: <https://eclkc.ohs.acf.hhs.gov/publication/pre-approval-guidance-checklist>
- If you use any Head Start funds for your project, you must follow the requirements outlined in 45 CFR Part 1303 Subpart E (link available here: <https://go.usa.gov/xFKw4>), the section of the Head Start Program Performance Standards containing facilities regulations.

- If you plan to refinance existing loans using Head Start resources, use the Information Memorandum (IM) supporting the commitment of the Office of Head Start (OHS) to children receiving services in good quality facilities with safe indoor and outdoor learning environments. It supports grantees in understanding applicable Head Start regulations, application development, the funding process, and post-award requirements. The IM also addresses a variety of common facilities activities and clarifies questions frequently posed by grantees. <https://eclkc.ohs.acf.hhs.gov/policy/im/acf-im-hs-17-01>.





Appendix C: How to Access USDA-RD Facilities Program Resources

List and Links to Relevant Rural Development Resources:

1. Community Facilities (CF) home page:
<https://www.rd.usda.gov/programs-services/all-programs/community-facilities-programs>
2. State Office Contacts:
<https://www.rd.usda.gov/contact-us/state-offices>
3. Community Facilities Direct Loan Guidance Book:
https://www.rd.usda.gov/files/508_RD_RHS_CF_DirectLoanGuidanceBook_090919.pdf
4. CF Direct Loan and Grant Program:
<https://www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program>
5. CF Guaranteed Loan Program:
<https://www.rd.usda.gov/programs-services/community-facilities-guaranteed-loan-program>
6. CF Technical Assistance and Training Grant Program:
<https://www.rd.usda.gov/programs-services/community-facilities-technical-assistance-and-training-grant>
7. CF Rural Community Development Initiative (RCDI) Grant Program:
<https://www.rd.usda.gov/programs-services/rural-community-development-initiative-grants>
8. Tribal College Initiative Grants Program:
<https://www.rd.usda.gov/programs-services/tribal-college-initiative-grants>
9. Business and Industries Loan Guarantees:
<https://www.rd.usda.gov/programs-services/business-industry-loan-guarantees>
10. Rural Business Development Grants:
<https://www.rd.usda.gov/programs-services/rural-business-development-grants>
11. Distance Learning and Telemedicine Grants:
<https://www.rd.usda.gov/programs-services/distance-learning-telemedicine-grants>

Appendix D: ACF Resources for Facilities (includes web links)

List and Links to HHS – ACF Resources:



1. Office of Child Care – Child Care and Development Fund
<https://www.acf.hhs.gov/occ/fact-sheet-occ>
2. Head Start and Early Head Start
<https://www.acf.hhs.gov/ohs>
3. Early Head Start Child Care Partnerships
<https://www.acf.hhs.gov/ecd/early-learning/ehs-cc-partnerships>
4. Pre-School Development Grant Birth Through Five
<https://www.acf.hhs.gov/occ/resource/pdg-b-5-initiative>
5. Community Services – Community Economic Development
<https://www.acf.hhs.gov/ocs/programs/ced/about>
6. Community Services – Community Services Block Grant
<https://www.acf.hhs.gov/ocs/programs/csbg>
7. Administration for Native Americans – Social and Economic Development Strategies
<https://www.acf.hhs.gov/ana/programs/seds>
8. Administration for Native Americans – Esther Martinez Immersion
<https://www.acf.hhs.gov/ana/esther-martinez-bio>
9. Refugee Resettlement Program – Refugee Family Child Care Micro-Enterprise Development
<https://www.acf.hhs.gov/orr/programs/refugee-family-child-care>
10. Tribal Child Care and Development Fund
<https://www.acf.hhs.gov/occ/guide-ccdf-resources>



ADMINISTRATION FOR
CHILDREN & FAMILIES