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Community Development Financial Institutions for Child Care: An Explainer

Community Development Financial Institutions, or CDFIs, are private, mission-driven financial institutions that provide responsible and affordable financing to help low-income and under resourced communities achieve economic growth. CDFIs were established as part of the Department of Treasury's CDFI Fund to create and expand the availability of credit, investment capital, and financial services in distressed urban and rural communities.

The four types of CDFIs—banks, credit unions, loan funds, and venture capital funds—provide products and services that meet the needs of economically underserved communities, filling the gap brought on by the lack of access to capital investments and financing in these areas. CDFIs are committed to the communities they serve, and help finance community businesses, including child care businesses, nonprofit organizations, commercial real estate, and affordable housing. A full list of certified CDFIs can be found at the [CDFI Fund website](#).

A growing number of CDFIs recognize the critical role of child care in a community's economic growth, and provide support to child care businesses through capital financing, credit enhancement, operational support, and technical assistance. Several of these CDFIs are highlighted below:

- [Children's Investment Fund](#), headquartered in Boston, serves non-profit early childhood education and out-of-school time programs across Massachusetts with facility-development and capacity building support. It also leads the [Building Stronger Centers Training Institute](#), which helps providers undertake large-scale construction projects.
- [First Children's Finance \(FCF\)](#), headquartered in Minneapolis, is a nonprofit financial intermediary that works in 12 states throughout the Midwest. FCF helps create systems and programs that address the business and financial needs of child care programs. FCF works to increase the supply and sustainability of child care businesses in both urban and rural communities.
- [IFF](#) (formerly Illinois Facilities Fund) is headquartered in Chicago, and serves communities throughout the Midwest, including Indianapolis; Detroit; Kansas City and St. Louis, Missouri; Columbus, Ohio; and Milwaukee. In 2016, IFF partnered with Kresge Foundation to launch [IFF Learning Spaces](#), a grant program that supports quality improvements to home- and center-based child care facilities in Detroit.
- [Local Initiatives Support Corporation \(LISC\)](#) is headquartered in New York City, has offices in over 30 cities, and works in hundreds of rural communities throughout the country. The corporation's Early Learning Facilities Program expands access to child care by investing in high-quality, developmentally appropriate settings.
- [The Rhode Island Child Care and Early Learning Facilities Fund](#), operated by LISC, helps expand access to high-quality child care in low-income communities throughout Rhode Island. The fund offers funding and training options for providers, including technical assistance.



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- [Low Income Investment Fund \(LIIF\)](#) is headquartered in San Francisco, and operates in Atlanta, Los Angeles, New York City, and Washington, DC. LIIF provides grants, workshops, and technical assistance to providers to create and enhance child care supports.
- [Reinvestment Fund](#) is based in Philadelphia, with offices in Atlanta and Baltimore. In Philadelphia, Reinvestment Fund launched the Fund for Quality, a program that helps child care providers expand their reach to more low-income families. The Early Learning Quality Fund in Washington, DC, helps improve child care facilities to provide safe, high quality early learning environments for infants and toddlers.

While not all CDFIs offer expertise in child care, there are resources available to connect child care providers with CDFIs in their community. [The National Children's Facilities Network](#) is a coalition of nonprofit financial and technical assistance intermediaries involved in planning, developing and financing child care facilities, particularly in areas that have limited access to resources. With 13 member organizations, NCFN works with child care programs in a number of states and localities across the country. Also, the [Opportunity Finance Network](#) is a national association that provides capital, advocacy, and capacity building to CDFIs throughout the country. Child care providers and businessowners can access the [CDFI locator tool](#) on their website to learn about CDFIs that can support their business.