Small Business Child Care Investment Act

Sponsored by Rep. Susie Lee (D-NV) and Rep. Pete Stauber (R-MN)

What the bill does:

- This bipartisan bill is a simple fix that allows qualified non-profit child care providers to access the same types of Small Business Administration (SBA) loans available to for-profit providers.
- Currently, non-profit providers cannot access the same types of SBA loans as for-profits:
    - *Non-profit providers* can only apply for the microloan program, which is capped at $50,000 and cannot be used to purchase real estate or for existing debts.
    - *For-profit providers* can access the larger and more flexible loan programs that range up to $5.5 million and can be used for real estate, construction, remodeling, and other expenses critical to maintaining and expanding high-quality child care operations.[i]
- Ensures qualified non-profit providers have equal access to SBA loans that allow providers to invest in and expand their operations, giving working families more options for quality child care and creating local jobs.

Qualifications for non-profit providers to access SBA loans:

The bill does not change any loan requirements that exist for all SBA applicants. To qualify for SBA loans, a non-profit child care provider must:

- Comply with licensing requirements in the state they are located.
- Primarily provide child care for children from birth through school-age, and may also provide care for school-age children during school breaks and before/after school hours. The non-profit may also offer preschool or pre-K educational programs.
- Comply with criminal background check requirements per the Child Care and Development Block Grant Act for employees and regular volunteers.

The need:

- 51% of Americans live in a child care desert.[ii]
- The shortage of providers and high cost of child care put a strain on working families. In 28 states and DC, one year of child care costs more than tuition and fees at a four-year public college.[iii]
- Like many businesses, child care providers face significant start-up, operations, maintenance, and capital projects costs. With limited access to SBA programs, these costs serve as barriers for providers looking to establish, expand, or improve their operations.

Support:

Bipartisan Policy Center Action, National Head Start Association (NHSA), Child Care Aware of America, First Five Years Fund (FFYF), Save the Children, Save the Children Action Network (SCAN), Zero to Three, First Focus Campaign for Children, National Association for the Education of Young Children (NAEYC), Children's Advocacy Alliance Nevada (CAANV), Guinn Center for Policy Priorities Nevada

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[i] SBA's 7(a) Program and 504/Certified Development Program are available only to for-profit child care providers, not their non-profit peers. These programs can provide loans up to $5.5 million that can be used for a variety of purposes including purchasing real estate, furniture, construction, remodeling, equipment, or refinancing business debt.

[ii] Child care desert defined as any census tract with more than 50 children under age 5 that has either no child care providers or so few options that there are more than three times as many children as licensed child care slots. *Source*: Center for American Progress, "America's Child Care Deserts in 2018."

[iii] Child care defined as center-based infant care. *Source*: Child Care Aware, "The U.S. and the High Cost of Child Care."