



Q&A summary from Community Reinvestment Act and Early Care and Education webinar

Q: Many providers are not associated with banks, especially family care providers and those for whom English is not their first language. In what ways can lenders make this information available?

A: Lenders that provide financial services to smaller early care and education (ECE) providers or those that serve low- and moderate-income (LMI) families may receive Community Reinvestment Act (CRA) consideration. To connect with providers for whom English is not their first language and reach a broader market, banks could translate materials into different languages or partner with community-based organizations, child care agencies, community development financial institutions (CDFIs), or small business or women business centers that work in diverse communities.

Q: Fed staff mentioned that bank consortiums may get CRA credit for investing in CDFIs and others. How does a bank consortium work?

A: A group of banks can pool financial resources to support a CDFI or a fund designated to provide loans or make investments. Bank consortiums could focus on ECE and qualify as a CRA-eligible activity under certain circumstances. For example, banks could receive CRA consideration if a consortium-supported loan fund financed child care programs that primarily served children from LMI families. The [CDFI Fund](#) and [Opportunity Finance Network](#) are resources for banks to locate CDFIs in their area.

Q: How do child care providers or banks verify the number of LMI children who attend a program?

A: Most ECE providers have information about the children enrolled in their programs. One measure of LMI children at a program is the share of children enrolled who qualify for an income-based public funding stream, such as a child care subsidy or Head Start. In addition, providers located in LMI areas with participants drawn from the area can attest that they serve LMI children.

Q: Do you have data or information about state or city organizations that are participating in the CRA process?

A: Bank CRA examination results and ratings are publicly available. In addition, CRA exam schedules and data on communities are available at the [FFIEC website](#). However, CRA exam results don't include specific details about the sectors in which CRA-related activities occur. Some nonprofit groups like the [National Community Reinvestment Coalition](#) provide resources for community organizations looking to engage in CRA-related work.

Q: Has Square 1 considered expanding to serve more children? If so, what are the barriers to expansion?

A: Our business plan reflects efforts to expand our system of care to additional home-based family child care providers. Massachusetts regulations allow for a broader age of children (infant through school-age) in one group at a family child care provider, thereby serving more diverse families. Regulations for child care centers and expanding slots in those facilities are far more expensive and require on-site directors and administrators, which adds to the financial burden of losing more money.