



October 25, 2016

Attn: Robert Sargis, ACF Reports Clearance Officer
Re: FR Notice: 81 FR 58515
Assessing the Implementation and Cost of High Quality Early Care and Education: Comparative Multi-Case Study
Document Number: 2016-20386
Submitted by: Local Initiatives Support Corporation (LISC)
Early Childhood Facilities Program
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OVERVIEW

The Local Initiatives Support Corporation (LISC) appreciates the opportunity to submit written comments on the proposed collection of information for the Comparative Multi-Case Study: Assessing the Implementation and Cost of High Quality Early Care and Education (ECE-ICHQ). **LISC's comments address the following category raised in FR Notice: 81 FR 58515: (c) the quality, utility, and clarity of the information to be collected. Our feedback will focus on Section F: Facilities.**

Without question, the physical environment plays a large role in supporting the quality of early learning programs and healthy early childhood development. Unfortunately, there isn't comprehensive federal data on facilities' needs, and the link between the quality of buildings and the quality of programs tends to be only vaguely understood and largely undocumented among child care providers. This study is a positive step toward expanding what we know about the costs of delivering high quality early care and education services, and an opportunity to begin to fill in the gaps as to the state of early childhood facilities. **As you gather data on the expenditures that centers allocate for facilities, we encourage you to collect information on whether the quantity, type, condition, and quality of space meets the needs of providers and the children that they serve.**

ABOUT LOCAL INITIATIVES SUPPORT CORPORATION

Established in 1979, LISC is a national nonprofit and Community Development Financial Institution (CDFI), dedicated to helping community residents transform distressed neighborhoods into healthy places of choice and opportunity – good places to work, do business and raise children. LISC has local offices in 31 cities and partners with hundreds of rural communities throughout the country. For more than three decades, our organization has mobilized corporate, government and philanthropic support to develop programs and provided local groups with loans, grants and equity investments; local, statewide and national policy support; and technical and management assistance. We focus our activities across strategic community revitalization goals including: expanding investment in housing and other real estate, increasing the financial stability of residents, stimulating economic development, improving access to quality education, and supporting healthy environments and lifestyles.

Because we recognize the link between human opportunity and social and economic vitality, we have spent the last 17 years working to bring high quality early care and education settings to low-income neighborhoods where children enter the world at high risk for negative outcomes. Through our signature Early Childhood Facilities Program, LISC has invested \$56.5 million in planning and developing 202 new facilities serving 21,500 children in more than 65 low-income urban and rural

neighborhoods across the country. That investment has generated an additional \$233 million in public and private resources for these early childhood education centers.

RECOMMENDATIONS FOR ECE-ICHQ SECTION F: FACILITIES

Federal data collection efforts should reflect the important role that physical environments play in supporting the quality of early learning programs and healthy early childhood development. In addition to collecting information that quantifies expenses related to occupying a facility, we recommend that the ECE-ICHQ pose questions that assess the quantity, type, condition and quality of early childhood facilities.

Specifically, the following questions would help fill existing data gaps related to what providers need to improve the quality of their facilities:

- Does your center currently have facility acquisition, construction or renovation needs?
 - o Yes
 - o No
- If yes, are the facilities needs related to:
 - o Quality (ex: Bathrooms adjacent to classrooms, accessible cubbies, and child-sized sinks, counters, furnishings and fixtures)
 - o Capacity (Do you need more space to serve a waiting list for additional children?)
 - o Health & Safety (ex: Lead paint, mold, electrical upgrades, etc.)
 - o All of the Above
- What type of improvement is needed?
 - o More Space
 - o Upgraded Space
 - o Repairs
 - o Playground Renovation
 - o Other
- Can you estimate the total capital costs of addressing these needs?
 - o Yes
 - o No
- If yes, what is the estimated cost, and how did you arrive at that number?

BACKGROUND

The Quality of Early Childhood Facilities Matters

Those active in community revitalization believe that early care and education programs are essential parts of every neighborhood – they prepare young children for success in school and life, support working parents, and improve family well-being. We also know that space matters: a facility’s layout, size, materials and design features can improve program quality and contribute positively to child development while a poorly adapted and overcrowded environment undermines it.¹ Bathrooms adjacent to classrooms, accessible cubbies, and child-sized sinks, counters, furnishings and fixtures increase children’s autonomy and competence while decreasing the demands on teachers. Early learning centers with ample classrooms divided into well-configured activity areas support uninterrupted self-directed play and exploration. The physical configuration of early care and education spaces directly affect adult / child interaction and influence how children grow and learn.

Existing Early Childhood Facilities Data is Insufficient

Regrettably, many families – particularly those who are low-income and/or in rural areas – lack access to the stable, high-quality early childhood centers that parents need to maintain gainful employment and children need to grow and thrive; furthermore, many of the facilities available to them are in desperate need of renovation. While there is appropriate information collection related to the quality of curricula and teachers, the physical environment is an essential feature that is often overlooked in early care and education studies and needs assessments. There is no comprehensive national data on the quantity, type, condition, and quality of early childhood facilities. Providers serving low-income families in the communities that we support aren’t being encouraged or required to document facilities’ costs or needs in a way that links the quality of buildings to the quality of programs.

¹ http://www.lisc.org/docs/publications/2007_nieer_cick_facilities_brief.pdf

National Data Could Help Alleviate Early Childhood Facilities Financing Challenges

One of the effects of insufficient national data on facilities' needs is a lack of federal funding attention to remedy these problems. There is no dedicated source of capital to help early care and education programs develop well-designed facilities suitable for our youngest learners. Programs serving low-income communities are highly dependent on public operating revenues that don't cover the cost of purchasing or renovating an appropriate facility. Additionally, federal and state policies that call for expanding early care and education programs require an adequate supply of facilities. Without a consistent and effective financing system or capital subsidies, providers are left to pursue piecemeal approaches, cobbling together small donations and grants from a variety of sources. This prevents the early childhood field from addressing its physical facility needs and creating the kind of environments that support high quality programs.

Historically, private financial institutions have not made significant infrastructure investments in early care and education – particularly in economically distressed areas. Few mainstream banks, credit unions, and lending institutions are willing to finance early childhood facility projects, which tend to require relatively small, complex loans often characterized by uncertain future funding for repayment through government operating subsidies. The projects generally have little to no equity, and limited collateral value. In addition, private banks typically don't employ staff with specialized knowledge of the child care sector, and consequently are unable to understand the needs of child care or preschool centers and assist program directors lacking experience with real estate development and financing.

Certified CDFIs working in market niches that are underserved by traditional financial entities are among the small number of organizations who have made investments in early childhood physical spaces. They have a proven track record in economically challenged regions and are experienced with providing a unique range of financial products and services that spur private investment in their target markets. Unfortunately, given the limited funding available to CDFIs to carry out their comprehensive mission, demand for early childhood facilities capital far outstrips supply.

CONCLUSION

As investments are made to increase access to early care and education, attention must be paid to the physical environment where many young children spend the majority of their waking hours. Without support for facilities, programs will locate in the least expensive and most readily available spaces – makeshift, donated, or surplus space such as basements and storefronts or outdated classrooms for older students that haven't been adapted for our youngest children and fall far short of standards to support high quality programs. Federal tools that collect information related to program cost and quality – such as the ECE-ICHQ – should also gather data that reinforces what is known about the link between the quality of facilities and the quality of programs.

We look forward to continuing conversations on this issue. LISC serves on the Executive Committee of the National Children's Facilities Network (NCFN), a coalition of like-minded nonprofit financial and technical assistance intermediaries involved in planning, developing, and financing facilities for low-income child care and early education programs. Both LISC and NCFN would welcome an opportunity to serve as a resource. If you would like additional information about our work, please contact Amy Gillman, Senior Program Director at (212) 455-9840, or agillman@lisc.org, or Nicole Barcliff, Senior Policy Officer at (202) 739-9296 or nbarcliff@lisc.org.