



LOCAL INITIATIVES SUPPORT CORPORATION (LISC)  
COMMUNITY INVESTMENT COLLABORATIVE FOR KIDS

TESTIMONY TO THE UNITED STATES SENATE  
COMMITTEE ON HEALTH EDUCATION, LABOR, & PENSIONS

FULL COMMITTEE HEARING:  
SUPPORTING CHILDREN AND FAMILIES THROUGH INVESTMENTS IN  
HIGH-QUALITY EARLY EDUCATION

SUBMITTED BY:  
MATTHEW JOSEPHS, SENIOR VICE PRESIDENT, POLICY  
AMY GILLMAN, SENIOR PROGRAM DIRECTOR, COMMUNITY INVESTMENT  
COLLABORATIVE FOR KIDS

FEBRUARY 6, 2014

Chairman Harkin, Ranking Member Alexander, and Distinguished Members of the Senate Committee on Health, Education, Labor, and Pensions:

The Local Initiatives Support Corporation (LISC) commends you for coordinating a hearing on early childhood education and appreciates the opportunity to submit written testimony. This discussion is a positive step toward understanding the importance of early childhood development and securing critically needed investments to ensure that all children, especially low-income children, are given a strong start and enter kindergarten ready to learn. As you consider ways that Congress can help children get an early start on the pathway to success, we encourage you to recognize the critical role that early childhood facilities play in preparing young children for achievement in school and in life, and urge you to ensure that federal policies adequately finance the acquisition, construction, and improvement of these spaces.

**ABOUT LISC**

Established in 1979, the Local Initiatives Support Corporation (LISC) is a national nonprofit with Community Development Financial Institution (CDFI) designation, 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 mobilizes corporate, government and philanthropic support to provide local community development organizations with loans, grants and equity investments; local, statewide and national policy support; and technical and management assistance.

LISC has local offices in 30 cities and partners with 60 different organizations serving rural communities throughout the country. We focus our activities across five strategic community revitalization goals:

- Expanding Investment in Housing and Other Real Estate
- Increasing Family Income and Wealth
- Stimulating Economic Development
- Improving Access to Quality Education, and
- Supporting Healthy Environments and Lifestyles.

For more than three decades, LISC has developed programs and raised investment capital to help local groups revive their neighborhoods. 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 program, the Community Investment Collaborative for Kids (CICK), LISC has invested \$48 million in planning and developing 184 new facilities serving 20,000 children in more than 65 low-income urban and rural neighborhoods across the country.

## OVERVIEW

Early childhood is a critical development period. Research shows that a complex interplay between genetics and environment profoundly influences how children grow physically, socially, and emotionally. Investments in high quality early childhood programs can help promote healthy development and strong communities. Those active in community revitalization believe without question, 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.

Regrettably, many families – particularly those who are low-income 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. Additionally, while there is appropriate focus on the need for high quality curriculum and qualified teachers, the physical environment is an essential feature that is often overlooked.

In this testimony, we highlight the important role that physical environments play in supporting the quality of early learning programs and healthy early childhood development and encourage Congress to address the need for comprehensive early childhood facility policies.

## BACKGROUND

### *Early Childhood is a Critical Development Period*

Decades of research has shown that early life experiences are extremely important to the social, emotional, and academic development of children.<sup>1</sup> Positive experiences promote healthy brain development and behavior, while negative experiences undermine development – and, in severe circumstances, permanently impair a child’s nervous and immune system, stunting healthy growth.<sup>2</sup> High quality early care and education is widely regarded as the single most effective intervention to promote healthy development and close the academic achievement gap for low-income children at-risk for poor social and economic outcomes.<sup>3</sup> The data are clear: the quality of one’s early childhood experiences profoundly influence that person’s future life trajectory.

### *The Quality of Early Childhood Facilities Matters*

While many factors contribute to program quality, the physical environment is an essential feature that is often overlooked. 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. Despite this inclination, evidence about the connection between space and effectiveness has been found even when physical space is not the focal point of the research undertaken. A study conducted at the School for

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<sup>2</sup> National Scientific Council on the Developing Child. “Excessive Stress Disrupts the Architecture of the Developing Brain. Working Paper No. 3” (2005) [http://www.developingchild.net/pubs/wp/Stress\\_Disrupts\\_Architecture\\_Developing\\_Brain.pdf](http://www.developingchild.net/pubs/wp/Stress_Disrupts_Architecture_Developing_Brain.pdf). (Accessed June 17, 2009).

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Young Children (SYC), a distinguished preschool program housed at St. Joseph College in West Hartford, Connecticut, provides a compelling example.<sup>4</sup>

Every state has a minimum adult-child ratio for licensed centers, in large part because attention from nurturing adults is a prime indicator of quality in child care programs. SYC is a highly regarded preschool program with a more than ample staffing ratio; the program is largely viewed as meeting if not exceeding minimum quality standards. Yet, when a research team set out to monitor enrolled children's contact with adults during free play time they found shocking results: **Only 3% of the children's time was spent engaged in meaningful interactions with a teacher.**

While the SYC executive director was digesting the researchers' negative findings in order to develop a workable solution, her organization moved to new accommodations. A routine follow-up test in the new space immediately showed a strikingly higher result. **Teacher-child interactions increased to 22%.** There had been no change in the management, staff, or program, only the physical space. The new space, which Bye had taken pains to design, was considerably roomier and there were bathrooms, telephones, storage space, and other logistical necessities in each classroom. Adults no longer had to leave the room to escort children to the bathroom, retrieve or store supplies, or take a phone call. Fewer distractions and interruptions for adults naturally meant more time for children.

Both children and staff benefited from the new space configuration. The more generous square footage allowed staff to configure each classroom into well-defined areas for different activities. Children were no longer crowded together into inadequate space and distracted by one another, so they ran into conflicts less often, and had better play experiences – making their interactions with adults and other children more constructive. Teachers were able to use their time in a more effective and rewarding way, resulting in higher morale and lower staff turnover for. Overall, the effect of the new space on the content of the program was considerable and measurable—even when not a single change had been made in the program itself.

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.<sup>5</sup> 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.

The National Association for the Education of Young Children (NAEYC) acknowledges the importance of a quality environment in the following statement: "The physical environment sets the stage and creates the context for everything that happens in any setting—a classroom, a play yard, a multipurpose room. A high-quality environment welcomes children; engages children in a variety of activities; provides space for individual, small-group, and large-group activities; and generally supports the program's philosophy and goals. Ultimately, the physical environment must convey values and messages about who is welcomed, what is important, and what the beliefs are about how children learn."<sup>6</sup>

### ***What Facilities Experts Know***

Although physical spaces play an important role in promoting program quality and healthy development, it is rare to find high quality facilities designed to meet the unique needs of very young children, especially in low-income communities. Early childhood specialists have long maintained that the physical environments where learning takes place – and where young children spend the majority of their waking hours – significantly influence the quality of early care and education programs.

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<sup>4</sup> Tony Proscio, Carl Sussman & Amy Gillman, Authors, Child Care Facilities: Quality by Design, (2004).  
<http://www.lisc.org/content/publications/detail/815>

<sup>5</sup> [http://www.lisc.org/docs/publications/2007\\_nieer\\_cick\\_facilities\\_brief.pdf](http://www.lisc.org/docs/publications/2007_nieer_cick_facilities_brief.pdf)

<sup>6</sup> <http://www.naeyc.org/store/node/402>

Facilities experts and those proficient in financing the design, acquisition, construction, and improvement of early care and education spaces concur and largely agree that:

- Well-designed facilities enhance child development and program quality;
- An adequate supply of facilities is needed to support rapidly increasing preschool education programs;
- The quality and location of the facilities can encourage enrollment and parent involvement;
- Facilities can help promote a positive workplace in an industry challenged to retain experienced teachers;
- Child care program income, especially in low-income communities, is typically not sufficient to cover the full cost of delivering quality early education services and doesn't allow for the added cost of constructing or improving appropriate facilities; and
- Few centers have the experience or personnel to handle the complexities of real estate development tasks and require specialized technical assistance to address their facilities needs.

### ***Early Childhood Facilities Financing Challenges***

Despite what is known about the importance of the spaces where learning takes place, 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. 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, consequently they 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 Community Development Financial Institutions (CDFI) 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.

### **RECOMMENDATIONS**

As Congress considers ways to help children get an early start on the pathway to success, we urge you to:

- 1. Recognize the critical role that early childhood facilities play in preparing young children for achievement in school and in life.**

Congress has the power to influence and support state and local early childhood priorities. We believe that conversations about early care and education should always acknowledge the significant impact of early childhood physical settings on early learning.

- 2. Ensure that federal policies adequately finance the acquisition, construction, and improvement of early care and education spaces.**

Currently, there is no dedicated source of funding for the acquisition, construction, and improvement of early care and education spaces. Additionally, the economic instability of the past five years has resulted in very little investment in early childhood physical infrastructure. Capital must be available in order for early care and education providers to create high quality

physical spaces that promote early learning. We are encouraged by the national dialogue on the importance of investments in early childhood development, and request that you create the supportive policy, regulatory, and funding environment that is needed to enable the early care and education field to meet its physical capital needs.

## **CONCLUSION**

As investments are made to increase access to preschool and child care, 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.

We look forward to continuing conversations with you and your staff. Our organization 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](mailto:agillman@lisc.org), or Nicole Barcliff, Senior Policy Officer at (202) 739-9296 or [nbarcliff@lisc.org](mailto:nbarcliff@lisc.org).

Thank you again for your leadership.



LOCAL INITIATIVES SUPPORT CORPORATION (LISC)  
COMMUNITY INVESTMENT COLLABORATIVE FOR KIDS (CICK)

TESTIMONY TO THE UNITED STATES HOUSE OF REPRESENTATIVES  
COMMITTEE ON EDUCATION AND WORKFORCE

FULL COMMITTEE HEARING:  
THE FOUNDATION FOR SUCCESS: DISCUSSING EARLY CHILDHOOD EDUCATION AND  
CARE IN AMERICA

SUBMITTED BY:  
MATTHEW JOSEPHS, SENIOR VICE PRESIDENT, POLICY  
AMY GILLMAN, SENIOR PROGRAM DIRECTOR, COMMUNITY INVESTMENT  
COLLABORATIVE FOR KIDS

FEBRUARY 5, 2014

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### **RECOMMENDATIONS**

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Currently, there is no dedicated source of funding for the acquisition, construction, and improvement of early care and education spaces. Additionally, the economic instability of the past five years has resulted in very little investment in early childhood physical infrastructure. Capital must be available in order for early care and education providers to create high quality physical spaces that promote early learning. We are encouraged by the national dialogue on the importance of investments in early childhood development, and request that you create the supportive policy, regulatory, and funding environment that is needed to enable the early care and education field to meet its physical capital needs.

## **CONCLUSION**

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