

NATIONAL CHILDREN'S FACILITIES NETWORK

The Need for Quality Early Childhood Facilities

Quality early care and education programs benefit children, families, and communities. Research demonstrates how high quality early care and education helps children succeed in school and in life and supports parents' ability to go to work or school. In addition, these high quality programs save more than \$7 in downstream costs on welfare, juvenile justice and special education for every \$1 invested. According to Nobel-laureate economist James Heckman, these early education programs *are* economic development, producing a return on public investment that is greater than for business or sports facilities. Recent studies make clear the importance of the early care and education sector to local economies: Licensed programs create jobs, contribute tax dollars, and generate expenditures on goods and services. In New York State, for example, licensed early care and education contributes \$4.7 billion to the state's economy and employs 119,000 people.

Because of the industry's important benefits, the federal government has invested billions of dollars in early care and education programs, primarily through Head Start and the Child Care and Development Block Grant (CCDBG) and TANF block grants. In addition, 40 states make additional investments in programs that provide early education opportunities such as publicly funded preschool for 3- and 4-year old children and support the ability of parents to work, often in collaboration with federally funded programs.

But the supply of suitable spaces to house early childhood programs has not kept pace with the growth of the sector, and the shortage is especially severe in low-income communities – both urban and rural. For example, according to a 2007 report by the Advancement Project, *California's Preschool Space Challenge*, California currently lacks preschool-suitable spaces for approximately 117,000 or 21% of its four-year-olds, with most of the deficit occurring in low-income communities.

In addition, while many important factors contribute to early childhood program quality, the physical environment is one ingredient that is often overlooked. Research conducted at a Connecticut preschool center documented how quality facilities result in more teacher-child interaction, more productive play with fewer conflicts among children, higher staff morale and lower staff turnover – all of which are established indicators of program quality. Yet it is rare to find high quality early learning centers designed to meet the unique needs of very young children, especially in low-income neighborhoods where programs typically occupy makeshift, surplus or donated space such as church basements or storefronts, and out of date school buildings designed for older children.

Unlike the K-12 education system, the early care and education field lacks the funding and organized infrastructure to design, develop, finance and maintain appropriate buildings to support quality programming. Programs serving low-income communities are highly dependent on public operating subsidies, which are generally too low to cover the true cost of running a quality program and do not include an allowance for occupancy expenses. As a result, there is insufficient revenue available to pay market rate rents or debt for appropriate space. These same budget constraints prevent early care and education providers from supporting more than the most minimal administrative and management structure. Few directors have the time or expertise to devote to a facility project or the middle managers to assign to the endeavor.

The Need for Federal Investment in Facilities

Currently, the federal government provides roughly \$10 billion annually for Head Start and the Child Care and Development Block Grant (CCDBG). These funds subsidize program operations for low-income families but are insufficient to cover the full cost of creating a suitable physical environment for staff and children.

While the federal government provides resources to support the operation of early care and education programs, it has never provided a dedicated source of capital to help providers develop well-designed and appropriately located facilities. In fact, the CCDBG cannot be used for major facilities renovation or new construction. Nor have early care and education providers had access to any federally-supported resources for technical assistance to ensure that they create facilities that are viable, cost-effective and of the highest possible quality.

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 capital needs and creating the kind of environments that support quality programs.

NCFN Recommendations

The National Children's Facilities Network is advocating for federal support to address pressing facilities funding and technical assistance needs:

- Create a pool of flexible capital for the acquisition, improvement, renovation or construction of quality early care and education facilities.
- Target funding to experienced nonprofit community development financial organizations who understand real estate planning and financial packaging and can leverage private resources for early care and education facilities.
- These entities will use the federal pool of funds to provide low-cost loans and grants to early care and education providers to develop quality facilities, and will provide specialized technical assistance on project planning, budgeting, fundraising and design.
- Experienced facilities entities will package these resources with private funding to leverage public investment with more substantial investment.

The federal government must play a more active role in stimulating facilities investments. Otherwise, the benefits of early education – academic achievement and long-term savings in remedial programs to name just two – will not be fully realized.