

National Children's Facilities Network Policy Platform

Value Statement

Investments in early care and education (ECE) are core components of equitable community development and revitalization. Quality child care, Head Start, pre-K, and other early learning programs create immediate and long-lasting benefits for individuals and society because they facilitate children's social and intellectual development, parental participation in the workforce, and ECE providers' ability to operate successful businesses. Research shows that developmentally appropriate physical environments not only directly influence program effectiveness – improving instruction, learning and development among children – but also directly impact the health and safety of children, teachers, and staff. The National Children's Facilities Network (NCFN) believes that:

- The quality and affordability of child care facilities must be a central tenet of ECE policies and infrastructure investments;
- Building the capacity of child care providers to develop sound business models and practices is essential to the stabilization and success of the ECE sector; and
- Multi-sector collaboration is required to address systemic racial and gender-based inequities that limit ECE providers' access to financial products and services.

NCFN's 2021 Policy Platform outlines the top priorities that will guide our coalition advocacy activities for the next two years.

2021 Policy Platform

Priorities

DEDICATED FACILITIES FUNDING

- 01 Dedicated ECE facilities funding
- 02 Intermediary resources for technical assistance and capacity building
- 03 Comprehensive national needs assessment
- 04 Community development finance alignment
- 05 Increased public sector operating support for providers

NCFN supports the establishment of dedicated public sector (federal, state and local) resources for ECE facilities. Despite the well-known importance of the role that physical spaces play in supporting program quality, health, and safety, there is currently no dedicated source of federal funding for the acquisition, construction and renovation of ECE facilities, and very few states and localities have established dedicated funding streams. The razor-thin profit margins of child care programs often limit provider eligibility for traditional forms of private sector real estate products. As a result, most providers are unable to access financial support necessary to address infrastructure challenges. Dedicated public resources are needed to address longstanding infrastructure inadequacies and strengthen the nation's comprehensive response to new health and safety challenges presented by the COVID-19 pandemic. Federal resources for investing in child care and ECE facilities are most effectively deployed and leveraged via an intermediary structure that builds upon the strengths of community development financial institutions (CDFIs) and other entities with relevant experience in the early childhood sector.

INTERMEDIARY RESOURCES

NCFN supports the establishment of intermediary resources for technical assistance & business capacity building in the ECE sector. Child care providers face unique financial challenges as small business operators. Programs serving low-income communities are highly dependent on unpredictable public funding streams for operations, and lack a consistent and effective financing system and capital subsidies.

Additionally, the majority of child care businesses are owned by women entrepreneurs and people of color who face systemic racial and gender-based inequities embedded in financial services. All ECE providers (child care, Head Start, pre-K, etc.) need access to technical assistance and capacity building resources that level the playing field, allow them to grow their organizational resources to a sustainable level and partake in the real estate process. CDFIs have financing experience related to community facilities and capacity building of small businesses and community-based entities. CDFIs have a history of leveraging their role as financial intermediaries to support the development of quality ECE facilities and sound ECE business models. Dedicated resources for technical assistance and business capacity building can help CDFIs scale and replicate ECE sector supports.

COMPREHENSIVE NATIONAL NEEDS ASSESSMENT

NCFN encourages the U.S. Department of Health and Human Services, Administration for Children and Families to conduct a comprehensive national needs assessment to ascertain the condition, quality, and availability of child care facilities. There is no comprehensive national data collection related to documenting the condition, quality or availability of child care facilities, leaving providers few opportunities to report on their infrastructure needs. As a result, many states and localities do not have an adequate assessment of how the condition and service capacity of facilities affect health, safety, program quality, and availability of care. A national needs assessment that is administered through states, builds upon and existing data collection efforts in tools like the National Survey of Early Care and Education and is coordinated with relevant funding opportunity applications (e.g. preschool development grants) would help to focus and expand multi-sector supports made available to child care providers. While a comprehensive assessment is essential to ascertaining the scope of infrastructure need, it should not delay the deployment of capital to address immediate concerns related to the physical environments where care is provided.



COMMUNITY DEVELOPMENT FINANCE ALIGNMENT

NCFN supports the development and adoption of legislative and regulatory policies that incentivize alignment, utilization and leveraging of community development financing resources like the Low Income Housing Tax Credit and the New Markets Tax Credit to support ECE facilities financing and business capacity building. The Network especially encourages the adoption of policies that promote co-location of ECE programs with quality affordable housing, places of employment and other community spaces. Financing capital improvements in low and moderate income (LMI) urban and rural communities is similar to financing of ECE infrastructure projects in that both activities require multi-sector collaboration and mix of public, private, and philanthropic resources. Quite often, unless significantly adapted, community development tools by themselves do not adequately address the investment needs of child care and early learning providers.

Because of the complicated and unstable nature of most child care businesses, utilizing community development tools for the ECE sector requires intensive coordination between sectors (housing, economic development, etc.) and between public agencies (housing finance agencies, economic development agencies, education departments, human services, etc.). The measured success that CDFIs have had utilizing tax credit programs, discretionary funding, and debt instruments to support ECE providers has largely occurred due to creativity and dogged mission-driven perseverance. Policies that encourage and incentivize utilization of community development financing tools to support ECE capital projects and businesses are necessary to address the financing needs of providers.

INCREASED PUBLIC SECTOR OPERATING SUPPORT FOR PROVIDERS

NCFN encourages the adoption of policies that increase operating subsidies for child care providers and increase public investment in the entire ECE sector. The ECE sector is massively underfunded, resulting in care that is high cost, too few providers of high-quality programs, and a workforce of teachers and other employees that are significantly under resourced and underpaid. Many of the capital and business operation challenges facing providers are due to fragile operating models that are highly dependent on public funding. In order to equitably increase the opportunity for all families to access quality care in appropriate spaces, there must be a sizable increase in public funding for the entire ECE sector, including increased funding and alignment of programs that allow providers to offer food and nutrition assistance for children.

About NCFN

NCFN is a coalition of 26 nonprofit Community Development Financial Institutions (CDFIs), financial and technical assistance intermediaries, and early care and education (ECE) stakeholders dedicated to helping ECE providers develop high-quality physical learning environments and sustainable business models. By providing technical assistance and financing to early learning providers, we seek to address capital needs and business capacity challenges that limit working family's ability to gain equitable access to high-quality ECE programs.

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