Deputy Assistant Secretary Goldstein and Deputy Assistant Secretary Hamm:

The Administration for Children and Families (ACF) has demonstrated a stalwart commitment to stabilizing and rebuilding the child care sector in the wake of the COVID pandemic. As our nation makes strides to better serve children and families in communities navigating and recovering from the pandemic, the condition, quality, and availability of child care facilities – which are often referred to as the third teacher – will either enhance or undermine these efforts.

There are no comprehensive national data documenting the condition, quality, or capacity of child care facilities. As a result, states and localities do not have an adequate nor comparative assessment of the physical footprint and infrastructure conditions in the child care sector. A national needs assessment would put a spotlight on child care facilities issues and corresponding opportunities. Such an assessment should be administered through states, build upon existing data collection efforts in tools like the National Survey of Early Care and Education, and coordinate with relevant funding opportunity applications (e.g. preschool development grants, etc.). While a comprehensive assessment is essential to ascertaining the scope of child care infrastructure needs, its current absence should not delay the deployment of capital to address immediate concerns related to the physical environments where care is provided. Needs assessments should be viewed as a tool that can enhance the effectiveness of capital programs.

The National Children’s Facilities Network (NCFN) is a coalition of more than 70 nonprofit financial and technical assistance intermediaries and other interested stakeholders involved in planning, developing, and financing high quality early care and education (ECE) facilities and business models, particularly in areas that have the least access to high quality ECE and the highest concentrations of poverty. We would like to share our collective observations and recommendations that may be helpful as you assess child care facility needs related to health, safety, supply building, and pandemic recovery. Throughout this letter we have shared observations about: 1) State Assessments, 2) National Data Collection, and 3) Program Quality. In addition, we have outlined our topline recommendations below.

**RECOMMENDATIONS**

1. **Incentivize and support states to conduct regular child care facilities assessments every 2-5 years.** The assessments should include:
   a. A common set of questions and methodologies so that data can be aggregated at the federal level to facilitate national policy and to enable comparisons
   b. Questions related to facilities financing
   c. Questions to discern successes and challenges, including regulatory barriers
   d. Sufficient sample size to enable local as well as state planning

2. **Integrate facilities questions into existing national child care data collection efforts, including questions about financing for child care facilities.**

3. **Fund research into the relationship between child care facilities and program quality.**
NCFN OBSERVATIONS

State Assessments

NCFN Recommendation: Direct States, Territories and Tribes to conduct a child care supply and facilities assessment every 2 to 5 years, to include capacity and condition assessments and to set goals for improvement and growth.

Quality child care is essential to the education, economic development and health goals of states and local communities. Because indoor and outdoor spaces are a core component of quality care, assessing the condition, quality, and availability of child care facilities can help states determine how to best channel resources to address the physical infrastructure needs of the child care sector. Having a vision for how an assessment fits into larger systemic goals can positively influence strategies for collecting and analyzing data. As such, states should be encouraged to clearly articulate why they are undertaking an assessment and establish goals to guide the assessment process.

Assessing Condition, Quality, and Availability

In order to comprehend the role of facilities in child care ecosystems, state assessments should include data on facility condition, gaps in access to programming, financial need, and real estate regulatory opportunities and barriers. When analyzing the condition of facilities, states should be made aware that licensing and capacity assessments are not accurate reflections of state or local child care facilities landscapes. Licensing criteria and inspections, municipal approvals, and QRIS assessments do not adequately capture substantive facility needs. Often, these assessment tools focus on superficial aspects of spaces and do not capture structural facilities considerations that significantly affect the functioning and performance of physical environments. For example, licensing assessments may include whether electrical outlets have plug covers but rarely include factors such as whether electrical systems should be upgraded in order to function safely or comply with the most recent building codes.

Assessment Methodology

Although child care providers have varying priorities for their facilities across different geographies, there are common factors, approaches, and methodologies to assessing facilities needs that transcend those differences. NCFN recommends that any assessment strategies supported by the Department of Health and Human Services include common elements to ensure that comparisons can be made across states. Credible assessments across multiple states can help inform national data on condition, quality, and availability. Intermediaries like Community Development Financial Institutions (CDFIs) can be helpful in assisting states to develop a process for collecting data and creating reports on the condition of early learning facilities in order to improve the quality of early learning programs. Several states and localities have undertaken comprehensive facilities needs assessments with the assistance of intermediaries. We encourage the Department to reference the following assessments that incorporate a range of methodological approaches.
### Child Care & Early Learning Facilities Needs Assessment Resources

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#### National Data Collection

**NCFN Recommendation:** Integrate facilities questions into existing national child care data collection efforts, including questions about financing for child care facilities.

**Data Collection Instruments**

Existing federal child care data collection tools do not ask specific questions about deferred maintenance (repairs to facilities that get delayed and backlogged because of budget limitations and lack of funding) or expansion needs as they relate to facilities. Questions should be integrated into data collection tools that encourage providers to document: unmet facility needs; whether their spaces follow child care facilities best practices; and whether space is a factor in determining the number of children served.

A range of methodologies can be used to understand providers’ facility needs (surveying, focus groups, site visits, interviews, financial reviews and modeling, case study development, and data reviews). Unfortunately, many providers settle for inadequate space, partly for financial reasons, and partly because few program operators had experience working in a well-designed and equipped child care environment. We encourage the integration of methodologies in a manner that mitigates selective reporting and reporting bias due to low provider expectations (i.e., low expectations about the quality of space that providers may think they can deserve or can afford), fear of the negative repercussions of indicating that spaces are unsafe or inappropriate, and/or being ill-equipped to actually identify the true needs and associated costs of spaces.

Improving the collection and analysis of child care facility data can help states and localities develop a deeper understanding of child care facility needs. However, these approaches are not a substitute for site visits. Site visits and collecting representative samples complement existing data analyses and surveys, provide the perspective of those trained to look for and understand facilities needs, and are essential to ensuring a thorough understanding of the child care facility landscape.
Integrating Data on Financing

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 or 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. Anecdotally, we know that 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.

When collecting data on the condition, quality, and availability of child care facilities, we encourage the Department to collect information about the facilities financing available to providers to support their physical infrastructure needs. The following questions could be instrumental in operationalizing assessment data to improve the physical environments in child care ecosystems.

### Suggested Provider Questions: Child Care Financing Needs

1. Have you ever applied for a loan to acquire, renovate, or otherwise make modifications to your facility? Was your loan approved?
2. Have you ever sought other financial support to acquire, renovate, or otherwise make modifications to your facility? For example, philanthropic support, grant funds, a loan from family or friends, or other?
3. Do you have cash reserves on hand to cover a building emergency?
4. Do you set aside dollars for on-going building upkeep and maintenance?
5. Do you rent or own your facility?
6. What percent of your operating costs go to facilities payments, utilities, and maintenance?

Program Quality

**NCFN Recommendation: Fund research into the relationship between child care facilities and program quality.**

In addition to supporting the health and safety of children and staff, child care facilities operate as the “third teacher”, influencing the physical, behavioral, and cognitive development of infants and toddlers. Stressors related to facilities can distract providers from their primary caregiving, education, and family support missions. Additionally, low quality facilities create poor working conditions for child care teachers and staff. Despite the importance of indoor and outdoor spaces to quality instruction, research on the physical environments of child care programs is fairly limited. We encourage the Department to direct resources to further examine the role of physical environments in influencing program quality, and to utilize data collected in facilities assessments to analyze the overall impact of the physical environment on child care ecosystems.

NCFN further recommends that the Department consider establishing an advisory working group focused on determining the quality space characteristics most essential to child development and staff well-being. Conferring with this group may be useful to the agency as it creates a process to assess both quality space characteristics and basic health and safety indicators in facilities. Moreover, this group could be helpful in
establishing a process for determining whether there is any causal relationship between program ratings in QRIS systems and overall building condition.

CONCLUSION

NCFN remains committed to equitably developing and improving child care supply and is eager to partner with the Administration for Children and Families on this goal. Please use the Network as a resource on child care facilities and related financing issues as the agency seeks to increase access to quality child care in urban, rural, and Tribal communities around the nation. For questions about NCFN or our work, please contact:

Nicole Barcliff  
NCFN Co-Chair  
LISC Senior Policy Director  
nbarcliff@lisc.org  
(202) 739-9296

Angie Garling  
NCFN Co-chair  
LIIF Vice President, Early Care & Education Programs  
agarling@liifund.org  
(415) 489-6116 Ext 316

About NCFN

The National Children’s Facilities Network (NCFN) is a coalition of more than 70 nonprofit Community Development Financial Institutions (CDFIs), financial and technical assistance intermediaries, and child care 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.

NCFN works to generate federal resources that support the development and improvement of early childhood facilities in underserved communities nationwide. The Network collaborates with other children’s advocacy leaders concerned with addressing the supply and quality of early childhood facilities across the country.

For more information, visit www.ncfn.org.