

Court Mandates, Free Markets and the Lottery

An Exploration of Facilities Development in States with Expanded Preschool

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BACKGROUND

NATIONAL ECONOMIC DEVELOPMENT AND LAW CENTER

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EXECUTIVE SUMMARY

Many California leaders are dedicated to expanding high-quality preschool in the state to ensure every child's success in school, work, and civic life. This report focuses on facilities development, one key aspect of expanding preschool opportunities to California's half-million four-year olds. Facilities development, meaning the expansion, renovation, or creation of spaces, has two key areas. First is how to ensure that there are enough high-quality physical spaces for the number of children whose parents want them to attend preschool. The second is how to support individual early care and education establishments in their facilities development projects, including planning, financing, and permitting. This project was designed to capture the experiences of six other states which have implemented expanded preschool programs so their experiences can improve California's facilities development efforts.

The following are critical lessons learned by states that have implemented an expanded preschool program:

- Preschool advocates in New Jersey found that access to facilities dollars may affect what types of entities, such as private for- and non-profit centers or public schools, offer preschool programs.
- In North Carolina, state and local leaders built the quality of community providers' facilities so they were ready to access state preschool dollars. Preschool expansion efforts fit into the existing early care and education and public school infrastructure, bringing together the public school system and community providers on equal footing.
- Expansion partnerships in North Carolina have conducted facilities surveys to monitor the quality of existing community-based programs
- In Georgia, it was determined that to create a universal system with the funding derived from the state lottery, use of the existing early care and education community was the most efficient and effective.
- Although the majority of Oklahoma's preschool children are served within the public schools, state administrators are currently advocating for greater use of community providers and faith-based organizations to expand the number of children served.
- James Klein of the Ohio Community Development Finance Fund recommends creating public/private partnerships housed in non-profit agencies to distribute funds more effectively.

The findings in this report offer guidance for California as leaders work to expand preschool opportunities.

- Data should be collected to track access to facilities development dollars and the impact of those dollars on accessibility and quality of preschool services.
- Facilities development initiatives should be transparent to build trust and encourage collaboration within the early care and education system.
- Technical support and training should be made available to help preschool providers access traditional loans.
- State leaders can encourage school districts to partner with community providers.
- Distribution of facilities development dollars should encourage and support the type of preschool system envisioned.
- Efforts to increase the quality of private preschool providers' facilities before expanded-preschool initiatives begin will help them to participate when those initiatives are implemented.
- Advocacy is necessary to keep the issue of facilities as a priority in implementing high-quality preschool for all and to guarantee continued investment.

INTRODUCTION

California prepares more than one of every eight children in the United States for their future. Many California leaders are dedicated to creating a high-quality preschool system in the state to ensure every child's success in school, work, and civic life. Much of the public discussion has centered on the most effective ways to ensure high-quality programs. What credentials and training should teachers have? What curriculum standards should be set in place? How much financial investment is required to maximize returns from high-quality classroom environments? What should the facilities look like, and how can we make sure that every child has access to a spot in preschool if that is what their parents want? This report focuses on this last question—how can we build, renovate, or expand preschool facilities to meet the demand of California's half-million four-year-olds?

Facilities development, meaning the expansion, renovation, or creation of spaces designated as preschool classrooms, is one of the most challenging hurdles that universal preschool faces. California has experienced significant growth in its child care industry as more children live in families where all parents work (either single-parent or dual-working-parent). In addition, a rapid boom in early care and education followed welfare reform in the mid-1990's, which provided public funding to support the child care needs of parents, who were expected to work. These trends have led to the more than \$5 billion industry for early care and education in California for children between birth and age 12. Using this existing infrastructure is a cost-effective way to deliver preschool to California's young children. Demand and market forces, alone, however, have not resulted in a full supply of affordable, accessible high-quality programs because of barriers to building early care and education facilities. Thus, even relying on the existing delivery system requires the construction of additional classrooms. A recent survey of the County Offices of Education about preschool expansion found that all of them believe that ensuring adequate facilities is an issue.

There are two key areas of facilities issues. The first is how to ensure that there are enough high-quality physical spaces for the number of children whose parents want them to attend preschool. This involves making decisions about what types of existing facilities may be used for expanded preschool, ensuring that spaces meet quality standards, and finding funding streams to build new spaces that enable the state to offer its program.

The second is how early care and education establishments go about the nuts and bolts of facilities development. Construction costs in California are fierce when compared to many other states. Permitting and inspection requirements protect communities but may hamper the speed of development and therefore drive up cost. Zoning laws can make it difficult for preschool facilities to locate near homes or parents' workplaces.

The good news is that many other states have already begun widescale expansion of high-quality preschool. This project was designed to capture the experiences of these other states so they improve California's facilities development efforts. The basic questions for analysis through the interviews were:

1. What capacity building and technical assistance efforts were put in place in states to help with the facility development process?

2. What were the funding sources and financing mechanisms, and what sectors of the early care and education industry were eligible (for-profit or non-profit, private or public, center-based or family child care)?
3. What lessons were learned, both positive and negative, in these states that can inform California's implementation of universally accessible, high-quality preschool?

The research for this project consisted of three main parts. First, NEDLC analyzed legislative and regulatory information about facilities development and financing for preschool in Georgia, New Jersey, and Oklahoma, which have each implemented large-scale preschool programs. Second, NEDLC reviewed reports and findings on preschool facilities development in these and other states (see Appendix A for a bibliography). Third, NEDLC program staff conducted interviews of key leaders from each of the three states listed above, as well as three others that offered promising practices for California (Colorado, North Carolina, and Ohio). The interviews were designed to capture lessons learned and key strategies in states' facilities development efforts (see Appendix B for a list of interviewees and Appendix C for the interview questions).

This report summarizes the findings and analysis from the three primary states' and other states' experiences. While states varied in terms of how they approached preschool facilities development—from court mandates to free markets to state lotteries—certain common elements surfaced which are pertinent to California's expansion efforts.

The next section describes briefly how each state expanded preschool and how that state approached facilities development. A discussion of lessons for California follows these descriptions.

STATE FINDINGS

NEW JERSEY

Start-up and Implementation

In 1998, the New Jersey Supreme Court issued a judicial directive requiring the state to provide quality preschool to three- and four-year olds in the poorest school districts. This landmark court case, *Abbott v. Burke*, increased low-income families' access to preschool considerably. Between 1999 and 2003, the total number of New Jersey's three and four-year olds enrolled in preschool rose from approximately 19,000 to over 36,000.¹ According to the Association for Children of New Jersey, 83 percent of all eligible children, that is children who live within the designated *Abbott* districts, are enrolled in preschool programs.² However, as the population grows, more spaces are needed, and facilities are still a significant issue with which the State must contend.

The Court's *Abbott* ruling specifically mentioned the impact expanded access would have on preschool facilities. As Joan Ponessa and Ellen Boylan of the Education Law Center wrote:

The Supreme Court directed the State to implement a comprehensive program of school facilities improvements, including long-range district-wide facilities planning; project approvals for repair, new construction and renovation consistent with the district-wide plans; priority safety repairs; sufficient classrooms to eliminate overcrowding and to implement universal preschool; and 100 percent State financing and construction management of all projects.³

The Court's directive and subsequent state legislation addressed facilities issues specifically through the school system facilities process. The state's Educational Facilities Construction and Finance Act includes a requirement that school districts draft Long-Range Facilities Plans (LRFPs) to outline plans to meet their particular facilities demands and any related financial needs. The plans include facilities plans for *Abbott* preschools as well. Money was distributed on a first-come, first-served basis, which meant some school districts that were the neediest did not receive funding because they applied for funds later than other, better-equipped districts.

The Court encouraged school districts to work with community-based providers to cope with the issue of preschool capacity, although the language guiding the LRFPs did not require any collaboration. Only those community providers that were included in LRFPs and owned their facilities could receive public funding for facilities improvement or development, under the existing rulings. Most school districts did not include community providers in their LRFPs, and

¹ Joan Ponessa and Ellen Boylan, "NJ Department of Education Proposed Facilities Regulations: Analysis of Preschool Issues." Education Law Center: Newark, New Jersey, 2004, p. 3.

² Cynthia Rice, "The Link between Classrooms and Enrollment: An Abbott Preschool Dilemma." Association for Children of New Jersey: Newark, New Jersey, March 2006, p. 1.

³ Ponessa and Boylan, p. 4.

as of 2004, approximately two thirds of private *Abbott* provider facilities were not owned, but leased.⁴ Thus, the public facilities dollars have generally gone to public schools and not to community-based providers.

According to Cynthia Rice of the Association for Children of New Jersey, existing community-based providers blend funding sources to upgrade or expand their structures. Some of the more adept community providers (generally larger and more established) seek private funding to do necessary facilities upgrading when they have the required skills and capacity to be able to acquire these funds.

The impact on smaller community providers has been negative. The language in the state's regulations requiring facility ownership to access public monies has excluded most smaller providers from accessing public facilities funds. In addition, as Cynthia Rice and Joan Ponessa write, "... the [Department of Education] has been concerned about the economic efficiencies of funding smaller preschool programs. Regulations now require that any new *Abbott* subcontract agency must have a minimum of six preschool classrooms."⁵ The same economies of scale also make it financially more difficult for smaller providers to generate capital for facilities projects. Smaller community providers need additional training and support to access private funds for facilities construction, according to Amanda Blagman of the New Jersey Community Loan Fund.⁶ The exception are those providers with an entrepreneurial spirit that will offer other services, such as increased infant care, to remain in operation.

Reflections and Lessons Learned

There are a number of lessons California can learn from the New Jersey experience in its effort to provide expanded preschool. First, access to facilities dollars may affect how preschool programs are delivered. If there is a desire at the state level to provide preschool opportunities in multiple types of settings (e.g., centers, family homes, and public schools), the outcome will be affected by the distribution of facilities dollars.

Second, the choice to make funds available to the first who apply versus distributing funds based on need of all applicants will affect which areas get facilities development dollars. Cynthia Rice suggests that allocating money based on need of school districts rather than "first-come, first-served," will provide a higher quality preschool system overall because the most pressing facilities issues of the system can be addressed.

Third, the early care and education community became fractured as private providers realized they could not access facilities dollars in a system that specified mixed-use service delivery. This diminished collaborative spirit has implications for partnering to make services cheaper or easier to use as well as building consensus and coalition support for new initiatives to support an overall system of care and education that meets parents' needs and makes the best use of funds.

⁴ Cynthia Rice and Joan Ponessa, "Planning for Quality: Ensuring the Educational Adequacy for All *Abbott* Preschool Facilities." The Association for Children of New Jersey and Education Law Center: Newark, New Jersey, September 2004, p. 1.

⁵ Cynthia Rice and Joan Ponessa, "Planning for Quality: Ensuring the Educational Adequacy for All *Abbott* Preschool Facilities." The Association for Children of New Jersey and Education Law Center: Newark, New Jersey, September 2004, p. 4.

⁶ Interview with Amanda Blagman, New Jersey Community Loan Fund conducted on May 12, 2006.

NORTH CAROLINA

Start-up and Implementation

For years prior to North Carolina's expanded preschool initiative, the North Carolina Partnership for Children, a public-private early education funding organization, worked with community providers to raise their ratings through the Smart Start Initiative. Smart Start was launched in 1993 with the vision that every young child would enter school healthy and prepared for school success. Eighty-two local partnerships are funded to develop and implement strategic plans specific to their communities. Many local partnerships used their funds to help facilities improve as a means to provide quality programs. The net effect was that when preschool expansion began, numerous community providers met the State's standards to enter into the system, scoring four or five stars out of five based on overall quality, including the quality of their facility.

During preliminary discussions about expanding preschool, many district superintendents suggested that the schools were the appropriate place for state-funded preschool programs. Policymakers, though, recognized that community providers were as strong as existing public school programs and moreover, that a broader array of delivery mechanisms would require fewer new structures to be built. Karen Ponder, the president of the state's Partnership for Children advocated for a mixed-use system because she recognized the importance of the facility question.

By building the quality and ability of local providers for years before expanded state funding for preschool, very little preschool funding has gone to facilities development. For the first years of North Carolina's preschool expansion process, 10 percent of each county's total state preschool allocation could be spent on facilities development.⁷ In the past three years, legislation has been passed diverting public funding entirely from facilities development, based on the argument that private monies should be generated to develop new buildings and renovate older ones. This has not been an overwhelming issue for community providers because local community partnerships work together to meet the needs of all those within the system, assisting in fundraising efforts for capital expenditures if need be.

In addition, financing organizations assist community providers in accessing additional funding for a variety of needs, including facilities development. The nonprofit Center for Community Self-Help and its financing affiliates, Self-Help Credit Union and Self-Help Ventures Fund, have developed a number of programs that give both smaller and larger providers access to greater facilities dollars at lower, more manageable interest rates. For instance, Self-Help received federal funds which they used to create a revolving loan fund for early care and education which has a significantly lower annual percentage rate than the market would typically offer. (Currently, the interest rate for the revolving loan is around 5 percent.) While these funds cannot be used for major facilities development, the money can be blended with other funding sources that are dedicated to development, thereby lowering the overall interest rate.

Reflections and Lessons Learned

Ms. Ponder emphasized that any preschool expansion effort must not act in isolation. Rather, policymakers must ensure that it fits into the existing early care and education and

⁷ Ms. Ponder mentioned that few counties even approached this amount, though the reason for not using all the available facilities funds is not clear.

public school infrastructure, and also brings together the public school system and community providers on equal footing. This greatly alleviated the financial strain of facilities development.

Periodically, the partnership conducts a facilities survey for all local partnerships to monitor the quality of existing community-based programs. The survey findings are publicized, which helps in the assessment of the overall status and progress of the early care and education system in local areas, and reminds policy makers and the public about the importance of the early care and education system. Karen Ponder emphasized the importance of public perception in the success of any expanded preschool effort, knowing full well that if voters begin to feel encumbered then politicians can quickly turn their backs on the system.

GEORGIA

Start-up and Implementation

In 1993, Georgia's Governor, Zell Miller, launched a unique expanded preschool program for four-year olds funded entirely by state lottery proceeds. Though initially targeted towards low-income children, within two years, the program expanded to become universal. Driven by pedagogical and political rationale, Governor Miller created a system that, by the turn of the century, served over 60,000 Georgia children.⁸ Quality facilities are those that meet state licensing guidelines for safety.

The system intended to rely upon the existing system of public providers, community providers and the market to ensure adequate space for Georgia's four-year olds. Thus, a separate funding stream for facilities was not created. Daphne Haley, the Division Director for Bright from the Start, noted that of 1,800 centers which offer state-funded preschool, all but two offer other programs and/or serve other age groups. It appears that the state preschool program is well-integrated into the larger community-based early care and education system.

The state public dollars do not allow for facilities development, which Carol Hartman, the state's Bright from the Start Grants Supervisor, said can hurt facilities development efforts. One source of funds is from federal funds dispersed as Child Care Block Grant (CCBG) funds. These funds may be used for minor repairs under \$5,000, but no amounts more than \$5,000 are dispersed because any purchase worth more than that amount made with state funds becomes property of the state. Other federal funds may be used as well; one center outside Atlanta used Community Development Block Grant funds as capital funds.

Ms. Hartman said most providers make use of private funds, such as banks and micro-enterprise funds. She also notes that in her experience, most providers operate chains, which tend to have executives who have more business experience and some economies of scale in facilities development. For example, if a chain has recently built a center, they can use elements of the architectural plan to build another. They may have contractors on hand who become increasingly efficient at building classrooms that pass health and safety inspections. To help smaller providers, Ms. Hartman distributes a guide to financing and technical assistance resources in the state which is updated annually. In rural Georgia, she estimates that buying land and building an adequate facility can be just over \$100,000, so she estimates that the financing barriers are not as stark as in California. The reimbursement rates in Georgia are relatively smaller, however; reimbursements for private sector programs range from \$2,615 to

⁸ Anthony Raden, "Universal Prekindergarten in Georgia: A Case Study of Georgia's Lottery-Funded Pre-K Program." Foundation for Child Development: New York, New York, August 1999, p. 10.

\$3,854 annually per child depending on education level of the lead teacher and location of the classroom in the state, compared to \$7,896 annually for state preschool and “Title 5” providers in California.⁹

Reflections and Lessons Learned

Governor Miller’s political stature necessitated that free preschool be offered to all of the state’s children, regardless of economic status. To create a universal system with the funding allowed through the state lottery, use of the existing early care community was the most efficient and effective. These facilities meet basic health and safety standards set forth in licensing guidelines. That there is no widespread statewide program to fund large renovation or expansion projects may hurt smaller providers that do not have business expertise or experience in previous facility development.

OKLAHOMA

Start-up and Implementation

Oklahoma has one of the nation’s longest lasting expanded preschool programs. While the funding of the system is controlled by school districts, from the outset, state leaders decided that preschool did not have to necessarily take place within public school buildings, because they recognized that a large system for delivering early care and education services was already in place. Since its inception and to the present, however, the majority of preschool children are served by the public school system, with a significantly smaller portion within the Head Start system. When interviewed, Dr. Ramona Paul, the Assistant State Superintendent, spoke of the importance of expanding preschool to faith-based and community facilities to meet any growing demand for preschool, but to date that has had only limited success.¹⁰ Within the overall system, public facilities funding has been extremely limited, though in certain cases, local municipalities have used bond issues to pay for preschool development projects within the public school system.

Community providers become eligible candidates for the preschool system if they meet certain standards. Because the system is run through local school districts, these standards generally conform to those of public schools. In general, these standards focus on teacher certification and quality, not facility related issues. The State Department of Education works closely with the State Department of Human Services to use Temporary Assistance to Needy Families (TANF) funding to raise the quality of existing local providers with standards below the state’s preschool standards, again in an effort to take full advantage of the existing early care and education infrastructure. These efforts include renovations of existing facilities, as well as teacher and curriculum standards.

Reflections and Lessons Learned

In reflecting on Oklahoma’s history, Dr. Paul suggested that California not be overly focused on operating preschools within existing public school buildings, but rather reach out to

⁹ Georgia Bright from the Start. *2006-2007 School Year Pre-K Providers’ Operating Guidelines*. <http://www.decal.state.ga.us/Documents/PreK/Guidelines.pdf>, p. 28. Retrieved October 12, 2006. Legislative Analyst’s Office. *Governor’s Preschool Expansion*. www.lao.ca.gov/handouts/education/2006/Preschool_051706.pdf, p. 2. Retrieved October 12, 2006.

¹⁰ Interview with Dr. Ramona Paul and Susan Illgen of the Oklahoma State Department of Education conducted on May 15, 2006.

existing providers, first, to cope with the issue of development cost and, second, to embed the system within the community by utilizing local providers and community organizations to help it gain a broader acceptance. In fact, she frequently uses her position to encourage local superintendents to involve community providers in preschool expansion efforts. Although the system still heavily relies upon the public school districts to serve Oklahoma's children, Dr. Paul would like to see community providers given a larger role as a means to both increase overall capacity and integrate the system into local communities.

On a related note, Dr. Paul suggested that establishing a collaborative process from the beginning will create a stronger system in the long run. Such a system would ostensibly allow diverse agencies to work together with funds and would create buy-in from multiple partners in the early and critical stage of the implementation process. In the case of Oklahoma, all major players, from the Department of Education and Head Start to Tribal Head Start and early care and education, convene periodically to assess the progress of preschool and work to make necessary changes. This process, says Dr. Paul, has prevented significant problems from surfacing.

OHIO

Start-up and Implementation

In its early history, the facilities aspect of Ohio's expanded preschool system was funded through state funding to expand Head Start in the state, as well as quality set-aside dollars from the Child Care Block Grant, though this was a relatively small amount. According to James Klein of the Ohio Community Development Finance Fund, in 2000, as political winds shifted, both of these sources were ended. In their place the Early Learning Initiatives (ELI) program, a set of early learning standards, was created. ELI does not offer any facilities development dollars, and has left the facilities question to the private market.

To address the lack of early care and education facilities funding, the Ohio Community Development Finance Fund uses about ten percent of its two New Market Tax Credit funds (NMTC) towards early care and education lending. NMTC allow investors to receive tax credits against Federal income tax if they invest in commercial ventures in low-income neighborhoods around the nation.

Mr. Klein has also spent considerable time advocating for facilities at the state level. He pushed to be included on the state Department of Education's "Solutions Group" a statewide coalition charged with preparing a consensus plan for an integrated high-quality early care and education system in the state to ensure school readiness. He encouraged the state experts to consider facilities along with professional development and accessibility in creating a high-quality system. While the workforce and accessibility seem to remain higher priority in the consensus plan, the need to consider space issues was included in the Solutions Group recommendations, helping to ensure adequate planning around facilities throughout Ohio.

Reflections and Lessons Learned

Mr. Klein noted that holding public money in a public agency creates bureaucratic barriers that many private providers cannot hurdle. He recommends creating public/private partnerships that exist in non-profit agencies. This may limit the government's oversight of its

funds to some extent, but makes the money more easily disburseable once the public/private partnership is in control.

COLORADO

Start-up and Implementation

Colorado's preschool program began in 1988 as part of an effort to stem the state's dropout rate. In 1995, Governor Roy Romer convened a Business Commission to discuss child care financing, out of which grew Educare Colorado and the Colorado Enterprise Fund. These two entities were developed to address critical child care issues in the state and to help Colorado meet its families' need for quality child care programs throughout the state.

Educare Colorado was formed in 1998 as a coalition of business, philanthropic, early education, industry, and government leaders to take on the task of creating a statewide early education system.¹¹ State leaders delegated control of the program to local school districts, which had discretion to use community providers or find space in school buildings. As Educare Colorado started, many school districts used existing school space, which mostly covered capacity needs. As Educare grew, additional facilities were needed, but because expansion was phased in over multiple years, finding spaces was not a barrier to offering expanded access to quality programs. In 2004, Educare merged with the Colorado Resource and Referral Agencies to become Qualistar Early Learning, which is how the program is currently known. The merger made it easier to maintain the state's overall early care and education system.

The Enterprise Fund was established to help finance quality facilities. The resources for the fund came from banks and Small Business Administration (SBA) micro-loan funding dollars. The Fund offers loans for small-scale property improvements. In one program, family child care homes in urban areas which improved their quality rating using loans of less than \$1,000 were forgiven their loan amounts. The Enterprise Fund has had difficulty offering larger development loans. Ceyl Prinster, the Enterprise Fund Director, noted that local foundation funding has been difficult to secure, and the Fund continues to look for bank and SBA resources to expand services to larger development projects. Ms. Prinster also mentioned that she would like to work with the Colorado Housing and Finance Authority for underwriting and to expand SBA 504 loans to for-profit providers.¹²

Some areas where Colorado may be able to strengthen its facilities support is in training of existing providers. A study in Denver, for example, revealed that non-profit agencies desire more training about facilities financing.¹³

¹¹ The National Child Care Information Center. *The Child Care Partnership Project: Creating an Early Education System in Colorado*. Available at <http://nccic.org/ccpartnerships/cases/colorado.htm>. Retrieved on June 16, 2006.

¹² The Small Business Administration 504 loan program "provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings... Typically, a 504 project includes a loan secured with a senior lien from a private-sector lender covering up to 50 percent of the project cost, a loan secured with a junior lien from [a local Certified Development Company] (backed by a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the cost, and a contribution of at least 10 percent equity from the small business being helped." More information can be found at <http://www.sba.gov/financing/sbaloan/cdc504.html>. Retrieved October 12, 2006.

¹³ Technical Development Corporation. *Nonprofit Facilities in the Denver/Boulder Community: A Market Assessment*. PowerPoint available at <http://www.rcfdenver.org/reports/NFFpresentation.pdf>. Retrieved June 16, 2006.

Reflections and Lessons Learned

The Business Commission that met in 1998 identified facilities needs as an area in which expansion of quality programs need support. As the connection between facilities and quality has been made at the state level, Qualistar may be able to excel in creating facilities development programs, in partnership with the Enterprise Fund or through other activities as it continues to build quality programs throughout Colorado.

IMPLICATIONS FOR CALIFORNIA

These six states offer lessons for California. First, there was a range of planning efforts around facilities development before implementation. States which focused on facilities improvements before implementing preschool reported relatively seamless launching of the preschool initiative. States that grappled with facilities issues as they implemented preschool largely relied heavily on private, community-based providers to meet increased demand though this may not have been the vision of the preschool initiative or the eventual balance of types of preschool programs available. States which included private providers in planning did so because they envisioned a mixed delivery system for preschool, and including all types of providers ensured all voices were heard.

Public funding streams for facilities development also varied. Some states integrated preschool classroom development into public schools' facilities development, helping school systems to ramp up supply and offer preschool programs on school campuses. In general, facilities development funding for private providers was limited. In states that did allow private providers to access public funds for facilities development, those funds were *de facto* unavailable for community providers because of facility ownership requirements, minimum size of program, or control by school systems.

There has been almost no research on the effect of private providers' limited access to facilities development funds. The one exception is New Jersey, in which strong advocates at the Education Law Center and the Association for the Children of New Jersey have co-authored a number of reports documenting the need for more facilities funding. On the other hand, Oklahoma and Georgia have relied upon market forces to ensure that preschool facilities are available, and it appears to have functioned well in these two states, according to state leaders who were interviewed.

A number of states' expanded preschool efforts were supported by private lenders. Public officials in Oklahoma provided some assistance with the facilities development process, but in many other states, a private entity helped community providers. These organizations have found innovative sources of funding to offer financing under market rates. They have also provided significant training and technical support throughout the facilities development process.

Recommendations

- Data should be collected to track access to facilities development dollars and the impact of those dollars on accessibility and quality of preschool services.
- Facilities development initiatives should be transparent to build trust and encourage collaboration within the early care and education system.
- Technical support and training should be made available to help providers access traditional loans.
- State leaders can encourage school districts to partner with community providers.
- Distribution of facilities development dollars should encourage and support the type of preschool system envisioned.

- Efforts to increase the quality of private providers' facilities before expanded-preschool initiatives begin will help them to participate when those initiatives are implemented.
- Advocacy is necessary to keep the issue of facilities as a priority in implementing high-quality preschool for all and to guarantee continued investment.

As efforts to build a high-quality universally accessible preschool system in California continue, these lessons learned from other states will help state experts to build on previous experience and craft the best preschool system that benefits California's children, their families, and their communities.

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APPENDIX B: INTERVIEWEES

Colorado-

- Doug Price, Founder, Educare
- Ceyl Prinster, Director, Colorado Enterprise Fund
- Gerrit Westervelt, Director, Qualistar

Georgia-

- Daphne Haley, Division Director, Bright from the Start
- Carol Hartman, Grants Supervisor, Bright from the Start

Illinois-

- Trinita Logue, Executive Director, Illinois Facilities Fund

New Jersey-

- Amanda Blagman, New Jersey Community Loan Fund
- Cynthia Rice, Esq., Association for Children of New Jersey

North Carolina-

- Karen O'Mansky, Community Director, Self-Help Credit Union
- Karen Ponder, Executive Director, North Carolina Partnership for Children

Ohio-

- James Klein, President, Ohio Community Development Finance Fund
- Sandy Miller, Office of Early Education, Ohio Department of Education

Oklahoma-

- Susan Illgen, Director, Early Childhood Office, State Department of Education
- Dr. Ramona Paul, Assistant State Superintendent, State Department of Education

National-

- Louise Stoney, co-founder, Alliance for Early Childhood Finance

APPENDIX C: INTERVIEW QUESTIONS

Introduction

As you may know, California is in the process of expanding access to preschool. While current efforts focus on using a mixed delivery system that relies on existing early care and education facilities, there remains a facilities shortage. The National Economic Development and Law Center is conducting research funded by the Low Income Investment Fund to find out what pioneering states have done. The goal is to inform a successful facilities development effort in California as the state moves toward voluntary preschool for all four-year-olds.

Start-up

1. What were the capacity issues when preschool was expanded in your state?
2. What facilities development efforts were put in place during the initial efforts to expand preschool?
3. How did you arrive at those initiatives?
4. Who helped formulate and administer the program?

Implementation

1. What are the funding sources and financing mechanisms, and what sectors of the early care and education industry are eligible for various funding streams (for-profit, non-profit, private, public, family child care, etc)?
2. What oversight was put in place for each effort?
3. What do programs that are not eligible for programs do to develop their facilities?
4. What capacity building and technical assistance efforts are put in place to help with the facility development process?
5. How have facilities development, financing, and technical assistance programs changed over time?
6. What impact have facilities development efforts had on the capacity in the system, in raw numbers, geographical accessibility, and system/provider diversity?

Reflection

1. What research has been conducted on capacity trends, facilities development programs, or other informative areas?
2. What efforts would have made the transition to expanded preschool smoother?
3. What lessons have been learned, both positive/negative, in these states that can inform California's implementation of Preschool For All?

Resources

1. Based on our goal, is there anyone else you think we should speak with?
2. Do you know of any written resources, published or not, that might help with our research?