

Access to high-quality early childhood education is critical for both individual families and communities. Early educational experiences provide a foundation for children's social and emotional growth, and future academic success. Safe and affordable learning environments enable parents to participate in the labor force, strengthening family finances and bolstering local economies.

Since 2014, Reinvestment Fund's Policy Solutions team ("Policy") has been analyzing childcare markets to support the work of policymakers, funders, and practitioners in their efforts to expand access to high-quality early childhood education. This approach has been replicated in communities across the country, and is used in communities such as Washington, DC; Atlanta, GA; and the State of Rhode Island, to support the expansion of early learning.

Policy partnered with the United Way of Greater Philadelphia and Southern New Jersey to investigate childcare access across three counties in the Philadelphia region (i.e., Delaware, Montgomery, and Philadelphia Counties). This is Policy's first analysis of childcare markets in the broader Philadelphia region. Key findings related to parents' childcare needs include:

- **Most families in the region need some form of non-parental childcare.** In Delaware and Montgomery Counties two thirds of families have both parents in the labor force, meaning they require some form of nonparental childcare. Based on how and where parents work, most families will look for care, near their homes or near their place of work.
- **Working parents have a range of programmatic and childcare service needs.** The region's workforce is diverse. The economic and workforce characteristics of families suggest that they may need childcare options that offer weekend or after-hours services, or that participate in state subsidy programs that reduce cost barriers.
- **Parts of the region could benefit from investments to expand access to care.** In the aggregate there are roughly enough seats for most children, but they are not always located in areas that are convenient for families. Our findings highlighted specific neighborhoods, particularly in Delaware and Montgomery Counties, that lack enough seats for local children. Investments to support supply building may be appropriate in these areas.
- **The largest need across the region is access to more high-quality care, especially outside of Philadelphia.** Programs that achieved high-quality ratings, participate in federal head start, or are affiliated with school district programming are much more common in Philadelphia. Roughly half of seats in Philadelphia met at least one high-quality criteria. In Delaware and Montgomery Counties, just 31% and 36% of seats met the criteria to be considered high-quality, respectively.

These findings point to five emerging opportunities for United Way to support children and families across the region. These opportunities are explored in more detail in the final section of this document:

- **Elevate family voices.** The region contains a diverse range of families many of whom cannot utilize fulltime parental care. United Way is well position to help regional stakeholders understand the needs, desires, and challenges families face accessing care.
- **Address cost-related barriers by facilitating employer-childcare partnerships and improving access to state subsidies.** Cost is often a driving factor behind childcare decisions. United Way is well positioned to help employers understand the role they can play in supporting access for their employees, and to help low- and moderate-income families access state subsidy benefits, designed to lower the cost of childcare.
- **Support targeted investments to increase access.** Our analysis of childcare supply and demand highlighted how different parts of the region have different needs. Some areas lack access to enough childcare seats, while others have sufficient seats, but insufficient quality. The United Way could help policymakers, and other funders, understand how these challenges play out across the region and appropriate strategies for addressing them.
- **Continue evaluating access to early learning and education in other communities throughout the region.** To date there has been no comprehensive study of childcare access in Camden, Gloucester, Bucks, or Chester Counties. Supporting similar studies at expanded geographies could help other stakeholders and funders better advocate for the supports families need to access care.

The remainder of this document is organized into three sections. The first describes the characteristics of children and families in the region, highlighting parental labor force participation, transportation, and top employment sectors. The second section describes childcare needs and access, estimating supply and demand, and highlighting shortages and childcare needs. The final section describes recommendations and opportunities for United Way to play a role in addressing barriers to childcare access across the region.

## **Part I. Children and Families in the Philadelphia Region**

Families are a critical part of the region. Nearly a third of households in Delaware and Montgomery Counties are parents, either married couples with children or single adults living with children. While the population of the region has been increasing steadily, the number of young children has been in decline. Every county has fewer children under five than it did five years ago, but also many more adults over 64 years of age.

### **Labor Force Participation and Childcare Need**

While there are many factors that are contributing to this trend, access to childcare is a critical resource that makes it feasible for families to live and work in the area. While some families choose to have a parent stay home to provide care for their children, most families in the region rely on out of home childcare.

The latest census data suggest that most parents of young children are in the labor force, and therefore unable to provide fulltime care. In Delaware County, for example, 67% of children under five, live in a home where every available parent is either employed or in school. Meaning, just 33% of children live in homes where full-time parental care is possible. In Montgomery County, 70% of children lived in homes where every available parent works.

## Transportation Needs and Childcare Demand

Most residents in the region work outside of their home county. Only 35% of employed Delaware County residents work in Delaware County and just under half (47%) of employed Montgomery County residents work in Montgomery County.

For the vast majority these residents, their commute requires a car, as access to public transit outside of Philadelphia is limited. Prior to COVID, 10% of Delaware County workers and 5% of Montgomery County workers commuted on public transit. Today 8% and 3% of residents in Delaware and Montgomery Counties commute to work on public transportation, respectively.

Car ownership can be a costly expense, particularly for low- and moderate-income households, but it also impacts how and where residents look for childcare. Those that travel to work outside of their home county may choose a childcare option near or on their way to work. Our estimates of childcare demand, presented in the next section, take into consideration how parents travel within and between counties when estimating childcare demand.

### Transportation Costs in the Philadelphia Region

Within the region commute times are similar across income levels, but the cost of commuting varies. To understand the cost of commuting, we examined data from the Federal Consumer Expenditure Survey to understand the average transit expenditures in the Philadelphia Metro Region.<sup>1</sup> On average, households spent about \$11,000 per year on transportation. While higher income households generally spent more on transportation than lower income households, transportation expenses are a larger burden for low-income families.

Our estimates show households earning less than \$50,000 a year will spend over 20% of their annual income on transportation expenses (e.g., car repairs, gas, tolls), while households earning over \$150,000 per year will only expend about 8% of their annual income on these costs.

**Figure 1: Average Annual Transportation Expenses in Philadelphia Metro by Household Income**

	Average Annual Expenses (2021-2022)	Share of Pre-Tax Income (2021-2022)
Below \$50,000	\$5,493	21.66%
\$50,000 to \$100,000	\$9,610	13.30%
\$100,000 to \$150,000	\$13,860	11.33%
Over \$150,000	\$19,956	7.60%
<b>Regional Average</b>	<b>\$11,247</b>	<b>10.44%</b>

<sup>1</sup> The Consumer Expenditure Survey defines transportation expenditures as costs associated with vehicle purchases, gasoline/fuel, repair costs, tolls and parking fees, and public or other transportation fees.

## Top Employment Sectors and Industries

Across the region, the top industries that employ residents are similar. Healthcare is the largest industry in every county, followed by science, technology, and information services. Education and retail are the third or fourth most common industries in each county.

Employment sectors can influence the need for childcare in two ways. First, sectors like healthcare, education, and retail trade are more likely to require in person work, making it more likely that parents consider childcare options near their place of work. Conversely, industries like finance and insurance, which can more easily accommodate hybrid arrangements make it less likely that parents will utilize a care option near their office, since they do not need to travel to an office every day.

Second, industries like healthcare, manufacturing, and retail trade are more likely to utilize shiftwork and non-traditional schedules that require the use of care outside of traditional business hours. Workers in these industries may need to find a childcare option that offers care overnight, on weekends, or for extended hours during the day.

## Part II. Childcare Need and Access

To understand more about the landscape of early childhood education and childcare needs in the region, Policy adapted the methodology from the Philadelphia Childcare Map analysis for the region. The Childcare Map analysis measures the supply, demand, and shortages of care to help stakeholders identify gaps and prioritize interventions.<sup>2</sup>

### Overall Supply and Demand

The table below summarizes our estimate of childcare supply across the region. Overall, we identified a childcare capacity of 154,800, most of which is located in Philadelphia. We also identified 68,600 seats in programs classified as high-quality care. Our definition of high-quality care captures programs that have achieved the highest ratings on the Commonwealth's childcare quality rating system, known as STARS, and programs that participate in the federal Head Start program or are affiliated with a public school district program.

**Figure 2: Summary of Childcare Supply Across the Region, 2024**

	Total Providers	Total Capacity	High-Quality Providers	High-Quality Capacity	Share High-Quality
Delaware County	370	24,100	80	9,100	38%
Montgomery County	450	42,400	120	16,300	38%
Philadelphia County	1,740	88,200	550	43,100	49%
<b>Regional Total</b>	<b>2,560</b>	<b>154,800</b>	<b>770</b>	<b>68,600</b>	<b>44%</b>

<sup>2</sup> For more information, see: <https://www.reinvestment.com/research/early-childhood-education-analytics/>

To estimate demand, we examined the population of children under five living in the region. We adjusted our estimates to account for the location of job centers that attract parents who may look for care near their place of work. In total we identified just over 158,100 children across the three counties who could be customers for childcare.

**Figure 3: Summary of Childcare Demand Across the Region, 2024**

	Infants & Toddlers (Under 36 months)	Preschool (36 to 60 months)	All Children Under Five
Delaware County	18,700	12,200	30,900
Montgomery County	26,700	17,800	44,500
Philadelphia County	50,000	32,700	82,700
<b>Regional Total</b>	<b>95,400</b>	<b>62,700</b>	<b>158,100</b>

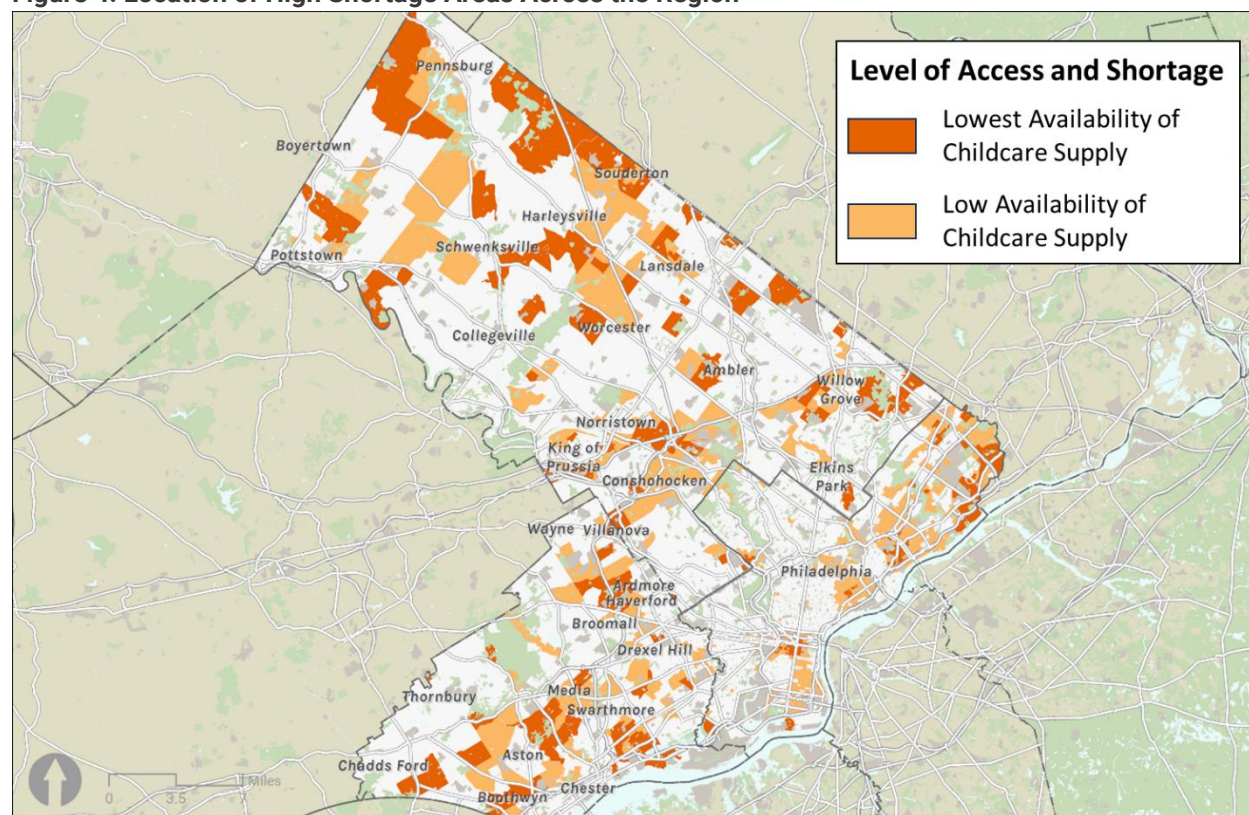
## Overall Access to Care

With a supply of 154,800 seats and a demand for 158,100 the region has sufficient capacity for approximately 97% of children. However, understanding families' access to care requires examining the location of childcare seats and children. To understand how the location of supply and demand are related, we created a "relative shortage" metric which identifies *where* the shortages in childcare are large or small, relative to the regional average. The relative shortage analysis uses a regression-based estimate to calculate the typical relationship between childcare supply and demand across the region. Areas where the actual level of childcare supply is much lower than what is typically provided at a given level of demand are classified as having a large shortage and may need additional supply.

The maps below show the location of areas with the highest need for additional childcare supply across the three counties in the region. Areas shaded in orange had the largest shortage of care. Areas shaded in dark orange, for example, had on average enough seats for just 30% of children, while areas in light orange had on average enough seats for 60% of children.



**Figure 4: Location of High Shortage Areas Across the Region**



## Access to High-Quality Care

While access to childcare is critical, access to high-quality early learning is what produces the largest benefits for children, families, and society.<sup>3</sup> To understand more about the access to high-quality care across the region, we adopted the definition of high-quality care used in the Philadelphia Childcare Map analysis. The definition, which includes STAR 3 and STAR 4 programs, programs affiliated with Head Start and public school programs, was developed by local childcare experts and stakeholders.<sup>4</sup>

While there are specific communities in the region that lack overall access to childcare, the entire region has a shortage of high-quality care. As stated before just 68,600 of the regions 154,800 childcare seats (44%) met the definition of high-quality. The shortage of high-quality care was especially acute outside of Philadelphia, where there has been less investment in quality improvement and high-quality program expansion. Just 38% of seats in Delaware and Montgomery Counties were in high-quality programs, compared with 49% in Philadelphia.

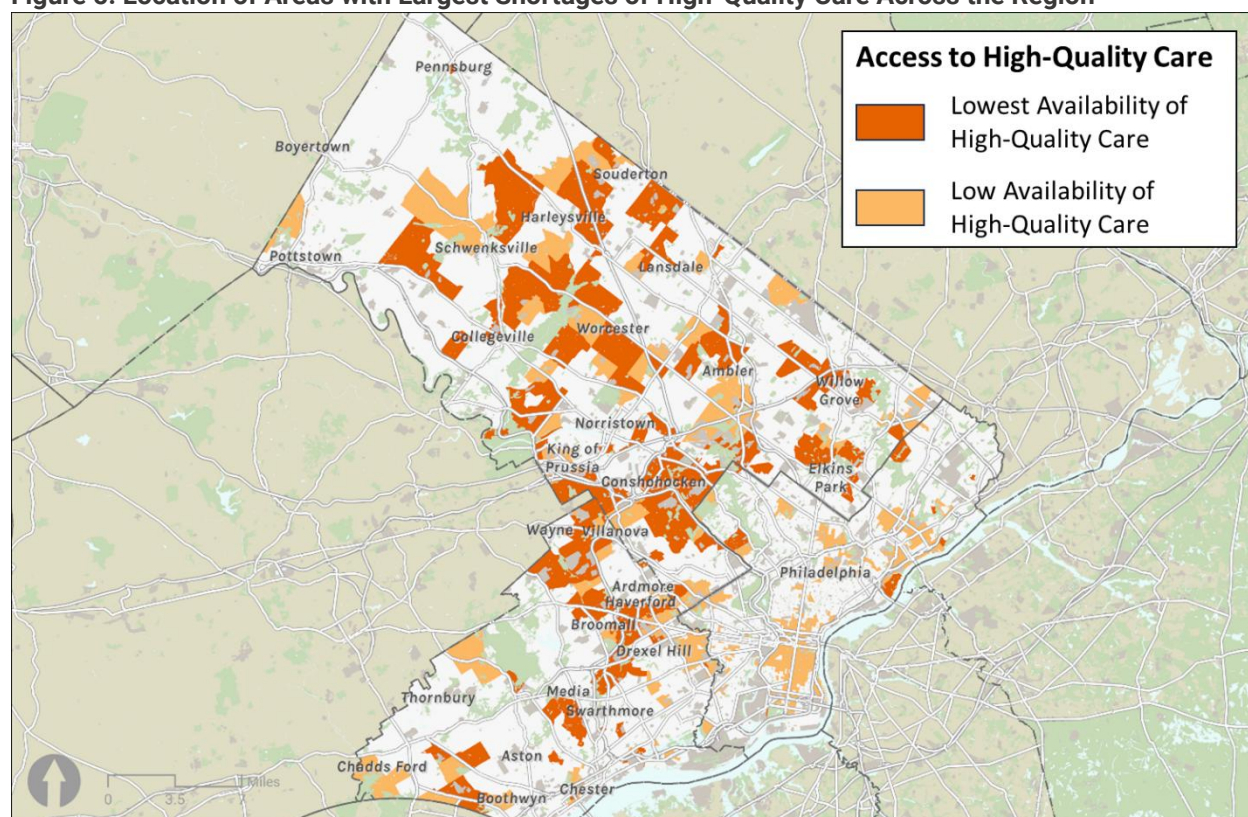
The map below shows the relative shortage analysis considering the location of high-quality care. Areas classified as having large or moderate shortages had less high-quality supply than

<sup>3</sup> For example, see: Bustamante et al. "Quality of Early Childcare and Education Predicts High School STEM Achievement for Students from Low-income Backgrounds" (2023) Developmental Psychology; Horm et al. "Kindergarten through Grade 3 Outcomes Associated with Participation in High-Quality Early Care and Education." (2022) Education Science.

<sup>4</sup> For more information see: <https://www.reinvestment.com/childcaremap/pdfs/full.pdf>

other areas in the region with similar levels of demand and overall capacity. Many of these high need areas are in Delaware and Montgomery County.

**Figure 5: Location of Areas with Largest Shortages of High-Quality Care Across the Region**



## Other Needs and Access Barriers

The location and quality of care are two important factors when analyzing childcare access across the region, but other factors may also be important. How and when parents work, and the cost of care can also pose potential barriers for families.

*Hours of Care.* Substantial numbers of parents have jobs that require them to work non-traditional hours. While some providers offer care outside of the traditional 7 a.m. to 5 p.m. schedule, many do not. We estimate, across the region, approximately 44,600 parents leave for work before 7 a.m. and 6,400 leave for work after 6 p.m. Philadelphia and Delaware Counties have sufficient providers offering extended before and after care hours to serve parents working non-traditional hours. However, there is a shortage of evening care in Montgomery County.

*Cost of Care.* The commonwealth's Child Care Works (CCW) program helps low- and moderate-income working families afford childcare by subsidizing the cost of attending a qualifying childcare center or home-based program. The highest number of subsidy eligible families are in Philadelphia, but both Delaware and Montgomery County have sizable numbers of children living in income-eligible households. We estimate 9,500 children in Delaware County (30% of all children under five) and 7,100 children in Montgomery County (17% of children under five) are potentially eligible to receive subsidies. An additional 4,900 children in Delaware County and 5,100 children in Montgomery County live in families that earn just above the income threshold.



Not all childcare programs participate in the commonwealth's subsidy program, and accepting CCW payments is optional. Ensuring that a sufficient number of programs participate and enroll CCW families is important for ensuring access to care.

## **Part III. Recommendations and Next Steps**

The findings described above highlight gaps in access to childcare and point to opportunities to better serve families in the Philadelphia region. This section presents five opportunities for United Way to support children and families' access to high-quality early learning opportunities.

### ***Opportunity #1: Elevate family voices to understand parents' childcare preferences and needs***

Our analysis focused on access to full-time, formal childcare in settings outside of the family home. While full-time formal childcare settings play a critical role in supporting labor force participation and providing educational enrichment, families can have a wide array of preferences when it comes to the type, setting, or frequency of care they want for their children.

To properly address the needs of families in the region, it would be helpful to know more about parents' perspectives. What markers do families use to define quality care? What type of facilities, services, hours, and what prices can parents afford to pay? This information could be collected through focus groups targeting specific populations, or surveys to reach a large, representative group of families.

The United Way is well positioned to help policymakers understand more about parents' preferences, needs, and challenges. Moreover, with many communities in the region experiencing population loss and declining birth rates, this information could help inform strategies to ensure communities remain welcoming for new families.

### ***Opportunity #2: Facilitate employer-childcare partnerships that address access gaps***

Our analysis showed that Health Care, Education, and Manufacturing jobs are among the largest employment sectors in both Delaware and Montgomery Counties. Each of these industries have a high number of on-site workers. Health Care and Manufacturing also employ shift-work and non-traditional schedules that make it challenging for parents to use traditional childcare options.

Providing on-site, employer-run care is the most direct way for businesses to support their workers' childcare needs. However, this approach is often too expensive and complex to manage. Other options include subsidizing care through vouchers or partnering with existing childcare providers to prioritize access for their employees. Collaborative approaches work best when there is a trusted intermediary who can help employers learn about different options and connect with local childcare providers.

The United Way is well positioned to help convene local employers in Delaware and Montgomery County to explore their employees' childcare needs and potential strategies for addressing barriers to access.

### ***Opportunity #3: Address cost-related barriers for low- and moderate-income families***



Cost is one of the largest barriers families face when it comes to accessing childcare. The Commonwealth's CCW program provides subsidies to help low-income families afford the cost of care. Our data shows that approximately 16,600 children in Delaware and Montgomery Counties are income-eligible for CCW.

Although it was beyond the scope of this study, many communities have found that programs like CCW are underutilized either because providers do not accept program payments or because eligible families have not enrolled. Maximizing the utilization of this program is a necessary step to address the cost of care for low-income families in the region.

The United Way is well positioned to help maximize the utilization of CCW and other public supports. These efforts could include working with partner organizations to assess CCWs current utilization in the region, connecting with families to understand the barriers to program participation, encouraging more area providers to participate in the program, and advancing state-level advocacy to ensure licensed childcare providers participate in CCW – as a condition of licensure, high-quality designation, or some other condition to increase provider participation.

#### ***Opportunity #4: Support targeted investment strategies that address access and quality gaps***

Overall, Delaware and Montgomery Counties have roughly enough childcare seats for children. However, the region's childcare supply is not well distributed and our findings highlight specific underserved neighborhoods and areas across the region. Furthermore, families in both Delaware and Montgomery Counties experience gaps in access to high-quality providers. Just 38% of seats in Delaware and Montgomery Counties were in high-quality programs, compared with 49% in Philadelphia.

Communities can use three different strategies to address the shortages identified in the region:

- **Help Incubate New Childcare Businesses.** In areas that lack adequate childcare supply, organizations have invested in business development, entrepreneurship support, and other activities to help start new childcare businesses.
- **Work with Existing Providers to Grow their Businesses.** Most childcare operators are small, women-led businesses. In areas where there is unmet demand there may be opportunities to help existing childcare operators grow and expand their businesses to serve more families.
- **Support Quality Improvement Efforts among Existing Providers.** Achieving a high-quality rating on the Commonwealth's childcare quality rating system is good business and good practice. High-quality providers are eligible for higher subsidy payments and are less likely to go out of business.<sup>5</sup> Supporting activities that help existing childcare providers improve their quality ratings helps support the sustainability of childcare businesses and ensure families have access to high-quality care.

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<sup>5</sup> RF Analysis of Philadelphia Childcare Records (unpublished)

Privately funded efforts like the Philadelphia Fund For Quality or the ACCESS initiative are two local examples of programs to address the types of gaps identified in the region.<sup>6</sup> Similar efforts in Delaware and Montgomery Counties do not currently exist.

The findings presented in this brief point to the need for similar efforts across the region. The gaps analysis identified areas that are underserved by existing providers and highlights areas with inequitable access to high-quality care. An organization like the United Way is well positioned to help regional stakeholders explore how to adapt successful strategies, like those used in Philadelphia and elsewhere, to the regional context.

***Opportunity #5: Help other communities evaluate access to early learning and education***

Our analysis focused on Delaware, Montgomery, and Philadelphia Counties, but the Philadelphia region also includes parts of Southern New Jersey like Camden and Gloucester Counties and other Commonwealth counties like Bucks and Chester. These counties contain a range of communities with diverse economic, demographic, and urban, suburban and rural environments. Families in these areas likely face a set of different but related challenges when it comes to childcare access.

To date there has been no comprehensive study of childcare access in Camden, Gloucester, Bucks, or Chester Counties. Supporting similar studies at expanded geographies could help stakeholders better advocate for the supports families need to access care.

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<sup>6</sup> See: <https://www.reinvestment.com/grants/accessing-child-care-expansion-and-sustainability-supports-access/>