



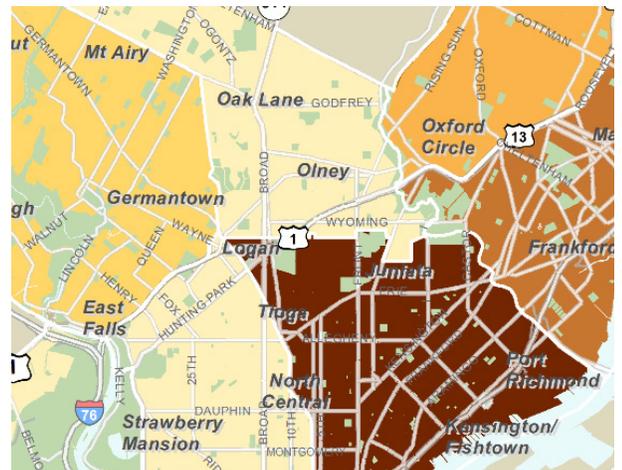
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# Understanding Infant and Toddler Care in Philadelphia: Capacity, Shortages, and Market Barriers

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## Executive Summary

Since 2014 Reinvestment Fund has been conducting annual analyses of the gaps between the demand for, and supply of child care in Philadelphia. With support from the Vanguard Strong Start for Kids Program™, Reinvestment Fund conducted a first-of-its-kind study to estimate the supply of and demand for care specifically for the infant and toddler sector in Philadelphia.

In many ways, infant and toddler care represents a distinct segment of the childcare marketplace. Regulations around the provision of care for the youngest children are different—with higher standards for building safety, and smaller allowable classroom sizes. From a purely business perspective, providing care to infants and toddlers is more challenging than for older children, where class sizes (and profit margins) are larger. Moreover, families looking for care for infants and toddlers may have different preferences, attitudes, and search behaviors than families with older children.

With stakeholders in Philadelphia, Harrisburg and around the nation focused on expanding access to high-quality early childhood education, understanding the age-level variation in access to quality early learning is increasingly important. As the city and state have increased their investments in pre-k, practitioners and policymakers have become increasingly interested in how these investments will impact infants and toddlers. Beyond anecdotes that suggest families struggle to access infant and toddler care, little is known about how many providers serve the youngest children, why they choose to do so, and what barriers prevent others from entering the market.

The goal of this study was to understand the supply of infant and toddler care in Philadelphia, as well as the attitudes and attributes of the childcare operators serving this segment of the market. To our knowledge, this is the first study to examine the full supply of infant and toddler care in Philadelphia. Combining a citywide provider survey and focus groups with providers from center- and home-based settings, this study sought to estimate the shortage of infant and toddler care across the city and to learn more about the providers offering infant and toddler care as well as the barriers that prevent other providers from entering the infant and toddler care market.

Key findings include:

- **Philadelphia lacks a sufficient number of infant and toddler seats, with the largest shortages concentrated in South Philadelphia, and the North Eastern parts of the city.** With an estimated capacity of 29,502 seats and a maximum possible demand for 69,074 seats, Philadelphia currently lacks seats for as much as 57% of the infants and toddlers in the city, if all were to use child care. Shortages vary substantially across the city. The most substantial shortages were apparent in areas such as the Far Northeast, North, and South Philadelphia which, in recent years, have become home to Philadelphia's burgeoning immigrant communities. The smallest shortages were in West Philadelphia and parts of Strawberry Mansion.
- **Providers are interested in expanding their infant and toddler capacity, but lack the resources to do so.** Through focus groups and survey responses, providers acknowledged the significant challenges associated with caring for infants and toddlers, yet most did not anticipate reducing

or eliminating their infant and toddler classrooms. In fact, a substantial number of providers reported they plan to expand or start new infant and toddler programs to attract new families. These efforts are inhibited by the availability of financial resources to support expansion, attract and retain higher quality staff, and to find suitable site locations.

- **Infant and toddler classrooms are an important financial ‘loss leader’ that may be necessary to fill more profitable pre-k and school-aged classrooms.** For many providers, younger classrooms are financial ‘loss leaders’—a service that providers offer at a financial loss to attract customers for their other more financially viable programs. Providers facing increasing competition in the pre-k market are looking to add or expand classrooms for younger children as a way to retain or attract new customers who might look elsewhere. Providers that participated in our focus groups believed that parents preferred programs that could keep younger siblings with pre-k children.
- **The sector needs new solutions to address the cost of infant and toddler expansion.** Substantial shortages of infant and toddler care were observed across the city. For providers not currently serving infants and toddlers, entering the market carries real costs. Beyond hiring new staff (a major challenge across all ages of child care) and complying with new regulations, most programs will also need to acquire additional space and a host of expensive supplies. For center-based programs in particular, acquiring the proper occupancy certificate to be a facility with young children may require substantial modifications to the program’s existing facility. Developing funding tools that help providers retrofit their facilities and purchase necessary supplies can help close the gap between the existing supply of and demand for infant and toddler care. Our focus groups revealed substantial confusion about the challenges associated with infant and toddler regulations, especially among those not in the market. Training and technical assistance may also be required to help providers understand the regulatory framework associated with infants and toddlers.
- **More nuanced demand estimates would provide further support to advance efforts to close infant and toddler shortages.** This study adopted a “provider-centric” perspective to understanding shortages in infant and toddler care. While understanding the attitudes and attributes of childcare providers is critical, it is equally important to understand more about parental preferences that drive demand for infant and toddler care. Developing a more nuanced understanding of demand, including the demand for quality relative to other parent preferences, would provide policymakers, advocates and practitioners with additional actionable information on where their efforts to meet families’ needs will be most impactful.

This study was intended as a first step to help quantify one important segment of the childcare marketplace. Our findings reveal shortages of infant and toddler care across the city and identify a number of significant barriers to serving the youngest children. But more work is needed. Importantly, our findings do not address the quality of the city’s existing supply of infant and toddler care. As policymakers, families, educators, and advocates work to address the needs of Philadelphia’s infants and toddlers, more work is needed to understand this critical dimension of care.

## Introduction

Since 2014 Reinvestment Fund has been conducting annual analyses of the gaps between the demand for, and supply of child care in Philadelphia. The findings from these analyses provided an empirical basis for a nearly \$20 million investment from the William Penn Foundation to create the Fund for Quality (FFQ), designed to expand access to high-quality child care in those areas of the city that need it most. In 2017, the Vanguard Strong Start for Kids Program™ made a \$3 million investment in the Fund for Quality to further support children in Philadelphia.

With stakeholders in Philadelphia, Harrisburg and around the nation focused on expanding access to early childhood education, understanding the age-level variation in access to early learning is increasingly important. As the city and state have increased their investments in pre-k, practitioners and policymakers have become increasingly interested in how these investments will impact programs serving younger children, particularly infants and toddlers. Moreover, providing care for infants and toddlers is different than providing care for pre-k and school aged children. Required staffing ratios related to infants and toddlers make it more financially challenging to serve these children, and parents of infants and toddlers may have different preferences for care than they do for pre-k aged children.

To begin creating an empirical basis for data-informed conversations about infant and toddler care, Vanguard Strong Start for Kids Program™ engaged Reinvestment Fund’s Policy Solutions group (Policy) to conduct a city-wide study of the supply of and demand for infant and toddler care in Philadelphia. With support from Vanguard Strong Start for Kids Program™, Policy conducted a 16-month mixed methods study to better understand the availability of infant and toddler care in Philadelphia along with the opportunities and challenges associated with serving young children. While this study focuses primarily on the supply of infant and toddler care and childcare providers, the “demand-side” of the equation is equally important, i.e. the preferences and financial resources of parents and families.

This white paper presents the results of this study in the following five sections:

- Section 1 presents an overview of the data and methods used for the analysis;
- Section 2 presents a summary of the providers that serve infants and toddlers;
- Section 3 estimates the capacity, demand, and shortage of infant and toddler care;
- Section 4 summarizes our findings related to the challenges and opportunities for expanding infant and toddler access; and
- Section 5 presents conclusions and implications for future policy and practice.

## Data Collection and Methodology

Reinvestment Fund relied on both qualitative and quantitative data to understand access to infant and toddler care in Philadelphia. These data sources include:

**Survey responses from 407 Philadelphia childcare providers** who participated in a city-wide provider survey. Reinvestment Fund developed the survey to understand how many providers serve infants and toddlers; their overall capacity; perceived opportunities and challenges in serving these children; and providers’ plans for the future. Policy engaged SSRS, a survey and market research organization based in Pennsylvania, to administer the survey. Providers could complete the survey on paper, online, or over

the phone. Survey respondents ultimately represented a broad cross section of providers located in different neighborhoods throughout the city.<sup>1</sup>

**Interviews and focus groups with 19 childcare providers** were designed to understand providers’ perceptions of the opportunities and challenges associated with serving infants and toddlers. Focus groups and interviews included both center and home-based providers, as well as providers currently serving infants and toddlers and providers that do not serve infants and toddlers. All focus group and interview participants also completed the provider survey.

## Survey Respondents

Reinvestment Fund developed a provider survey to understand how many providers in the city offered childcare services for infants and toddlers. Working with SSRS, Reinvestment Fund sent the provider survey to 2,298 providers: all 1,692 licensed providers in the city and 606 unlicensed providers. The vast majority (98%) of respondents were licensed providers. Tables 1 and 2 compare the characteristics of providers who responded to the survey to those of all licensed providers in Philadelphia. Overall, survey respondents generally mirrored the overall licensed population of childcare providers in terms of program type, program quality, capacity and geographic distribution across the city.

**Table 1: Comparison of Sample Population and Licensed Providers in Philadelphia**

	Program Type		Program Quality		Program Capacity		
	Center-Based	Home-Based	3 or 4 STAR Rated	1 or 2 STAR Rated	Under 9	10 to 25	Over 25
Survey Respondents	62%	38%	25%	75%	19%	48%	33%
All Licensed Providers	61%	39%	15%	85%	20%	46%	34%

The survey respondents included a mix of longstanding providers as well as newer entrants to the childcare sector. Among respondents, 41% indicated they had been in business for over 10 years, while 35% indicated they had been in business for under five.

Public Use Microdata Areas (PUMAs) are geographic areas defined by the Census. Philadelphia contains 11 PUMAs each representing a geographic portion of the city and containing at least 100,000 people. Table 2 below shows the geographic distribution of survey respondents and the distribution of all licensed providers in the city. Figure 1 shows the location of Philadelphia’s 11 PUMAs.

<sup>1</sup> It was not possible to completely assess how well those providers who responded to the survey represent the overall population of licensed, unlicensed, and informal childcare providers in the city. In particular, unlicensed providers account for roughly a third of all providers in Philadelphia (and approximately 20% of the estimated aggregate capacity in Philadelphia), but only four unlicensed providers completed the survey. However, the geographic distribution of those providers who did respond to the survey was representative of the overall distribution of licensed providers and provided enough variation to geographically weight their responses to estimate gaps in infant and toddler capacity and demand for infant and toddler care for Census Public Use Microdata Areas (PUMAS) in the city. See Appendix A for full reporting of survey responses.

## Survey Respondents (continued)

**Table 2: Comparison of Geographic distribution of Sample and Licensed Providers in Philadelphia**

	Surveyed Respondents	All Licensed Providers
PUMA 1 (Far Northeast)	3%	4%
PUMA 2 (Near Northeast-West)	7%	8%
PUMA 3 (Near Northeast-East)	8%	8%
PUMA 4 (North)	16%	17%
PUMA 5 (East)	9%	7%
PUMA 6 (Northwest)	9%	9%
PUMA 7 (Central)	9%	9%
PUMA 8 (West)	10%	12%
PUMA 9 (Center City)	8%	5%
PUMA 10 (Southwest)	13%	15%
PUMA 11 (Southeast)	7%	7%
Total	100%	100%

**Figure 1: Map of Philadelphia Public Use Micro-Areas (PUMA)**



## Providers Serving Infants and Toddlers

Researchers studying the supply of infant and toddler care in Philadelphia lack information about the number or location of providers that serve infants and toddlers. Although the state’s childcare licensing agency, the Office of Child Development and Early Learning (OCDEL), collects information about the capacity of each licensed provider in the city, the agency does not collect information from every provider about infants and toddlers. While OCDEL does keep records of where subsidized infants and toddlers are served, the agency does not track the number of unsubsidized infants and toddlers served by providers or the number of infant and toddler seats available to parents. One goal of the provider survey was to understand how many providers serve infants and toddlers and their capacity.

Results from the provider survey reveal that most childcare providers in Philadelphia serve infants and toddlers. Nearly 80% of providers responding to the survey indicated that they currently accepted children under the age of three. A significantly greater share of home-based providers reported serving infants and toddlers compared to childcare centers (85% v. 75%).<sup>2</sup>

**Table 3: Share of Surveyed Providers Serving Infants and Toddlers**

	Serve Infants and Toddlers
Center-based Providers	75%
Home-based Providers	85%
<b>All Providers</b>	<b>81%</b>

Looking only at the number or share of providers serving infants and toddlers can give a misleading picture of the market for infant and toddler care. Home-based providers are much smaller and typically serve far fewer children than center-based providers. Although a greater share of home-based providers offers infant and toddler care and certainly meet an important part of the demand for care, most of the city’s infant and toddler capacity is located in center-based providers. As seen in Table 4, **center-based providers accounted for roughly 92% of all children served by survey respondents (17,054 out of 18,596 children enrolled) and roughly 91% of all infants and toddlers served by survey respondents (6,651 out of 7,345 infants and toddlers).**

Beyond size, home-based and center-based providers differ in other important ways. Table 4 presents key differences between center-based and home-based providers’ responses to key items from the survey.

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<sup>2</sup> “Home-based” providers refer to family- and group-home childcare providers.

**Table 4: Comparison of Center- and Home-Based Providers Surveyed**

	Center-Based Providers	Home-Based Providers
<b>Total Respondents</b>	251 (62%)	156 (38%)
Median Enrollment	50	6
Median Licensed Capacity	67	6
<b>Total Enrollment</b>	17,054	1,542
<b>Population Served</b>		
Under 3	76%	88%
3 to 5	87%	88%
5+	71%	60%
<b>Program Capacity</b>		
Infant and Toddler as Share of Total Capacity	39%	45%
Total Infant and Toddler Enrollment	6,651	694
<b>Program Quality</b>		
High-quality (STAR 3 or 4)	30%	17%
<b>Program Service</b>		
Open 7-Days a Week	9%	35%
Open 24 Hours a Day	2%	19%

Center-based providers were nearly seven times larger, on average, than home-based providers. While only 17% of home-based providers were high-quality, 30% of center-based providers were. At the same time, a substantially greater share of home-based providers offered flexible scheduling options for parents by staying open 24 hours a day or offering services seven days a week.

Despite the high share of providers that report serving infants and toddlers, results from the survey suggest the market still has substantial shortages.

*Among those providers serving infants and toddlers, a majority of home-based providers (64%) and centers (70%) reported having to turn parents seeking infants and toddler care away at some point in the past year due to a lack of available capacity. Among providers serving pre-k children, 60% and 64% of home- and center-based providers, respectively, reported turning away parents.*

### **Subsidized Infant and Toddler Care Usage**

Information obtained from the state-managed Child Care Works (CCW) subsidized childcare program is helpful for evaluating how well the survey responses capture providers' propensity to serve infants and toddlers. In order to track subsidy payments, the state records the age of each subsidized child and the name and a unique identification number for the program where the child receives care.<sup>3</sup> Analysis of these data provides an opportunity to estimate the share of subsidized programs that serve infants and toddlers, or more precisely the share of providers accepting subsidized children that also accept

<sup>3</sup> For a program description and eligibility criteria, see: <http://www.dhs.pa.gov/citizens/childcareearlylearning/childcareworkssubsidizedchildcareprogram/index.htm>

subsidized infants and toddlers. Among providers that accept at least one subsidized child, a similar share (78%) accept at least one subsidized infant or toddler.

In March 2017, subsidy records indicated that in Philadelphia 34,858 children received a subsidy to attend a licensed childcare program (calculations exclude relative providers). These children ranged in age from infants and toddlers to school aged (six through twelve). Subsidized children attended 1,475 distinct center or home-based facilities, which represented 77% of the licensed facilities in the city.

Of the 1,475 providers that accepted at least one subsidized child, 78% (1,144) accepted at least one subsidized infant or toddler. These programs might also serve unsubsidized infants or toddlers; however, unsubsidized children would not be captured in the subsidy records.

Unlike our survey findings, the share of center-based and home-based providers that accepted infants and toddlers were roughly equivalent with a slightly larger proportion of center-based providers accepting infants and toddlers. Among center-based providers that accepted at least one subsidized child, 80% accepted at least one subsidized infant or toddler. Among home-based providers, 74% of providers that accepted at least one subsidized child also accepted at least one subsidized infant or toddler.

### High Quality Infant and Toddler Care

For licensed programs participating in CCW subsidy programs, quality, as measured by the state's Keystone STARS program, plays an important role in reimbursement rates. For children in three and four STAR programs, CCW reimbursement rates are much higher than they are for lower rated programs. Higher reimbursement rates could be expected to encourage more highly rated providers to offer infant and toddler programs. However, our survey did not find that higher quality programs were substantially more likely to serve infants and toddlers.

Table 5 below shows the share of 3 and 4 STAR rated programs serving infants and toddlers alongside the share of 1 and 2 STAR rated programs serving infants and toddlers. A slightly greater share of 3 and 4 STAR rated programs served infants and toddlers, but the differences were not statistically significant.

**Table 5: Program Quality and Infant and Toddler Service\***

	Serve Infants and Toddlers	Do Not Serve Infants and Toddlers
1 or 2 STARS	81.5%	18.5%
3 or 4 STARS	83.2%	16.8%

**Note:** This table excludes eight programs where a Keystone STARS rating could not be determined

## Capacity, Demand, and Shortage of Infant and Toddler Care

Since 2014, Reinvestment Fund’s annual snapshot of the supply of and demand for childcare in the city of Philadelphia has been publicly available at [childcaremap.org](http://childcaremap.org). The annual snapshot provides an overview of childcare access, but until recently practitioners, parents, and policymakers have not had access to age-level supply and demand information. OCDEL does not collect system-wide information about which providers offer infant and toddler services and policymakers do not have information about if or where shortages of infant and toddler care exist.

Information collected on the provider survey offers an opportunity to estimate the supply, demand, and shortage, of infant and toddler care because we will know whether providers actually serve infants and toddlers, and how many they serve. For this infant and toddler study, estimates of provider supply actually represent providers’ overall capacity to serve infants and toddlers. These estimates were obtained from responses to the provider survey.

### Estimating Capacity for Infants and Toddlers

To estimate the capacity for infants and toddlers our analysis relied on results from the provider survey, school and Early Head Start capacity figures, and CCW subsidy records, as described below. We estimate that the city has a total infant and toddler capacity of 29,502, approximately one third of the total childcare capacity available in the city—97,895 according to the latest estimate.<sup>4</sup>

Providers that serve infants and toddlers fall roughly into four categories as described below:

- *Licensed Providers.* Licensed providers comprise the bulk of the city’s childcare capacity. Responses from the provider survey revealed that citywide, 75% of center-based providers and 85% of home-based providers served infants and toddlers. Among providers that accept infants and toddlers, they comprise 39% of the enrollment in centers and 45% of the enrollment in home-based providers. Projecting the survey responses to all 1,671 licensed center and home-based providers operating in Philadelphia in 2018, provides an opportunity to estimate the number of providers serving infants and toddlers and total capacity of infant and toddler seats.<sup>5</sup> We estimate that in 2018, licensed providers across the city had a collective capacity to serve 22,850 infants and toddlers.
- *Unlicensed Providers.* Reinvestment Fund’s childcare analysis in 2018 identified 662 unlicensed childcare providers in the city. Based on prior experience studying the supply of childcare in Philadelphia, these unlicensed providers are more similar to licensed home-based providers than licensed center-based providers.<sup>6</sup> Using home-based providers’ responses to the provider survey to represent the unlicensed sector, the estimated infant and toddler capacity in unlicensed programs is 5,740 seats, roughly one third of the city’s total unlicensed capacity.

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<sup>4</sup> For the latest information on supply and demand for childcare in Philadelphia, see: <https://www.reinvestment.com/childcaremap/>

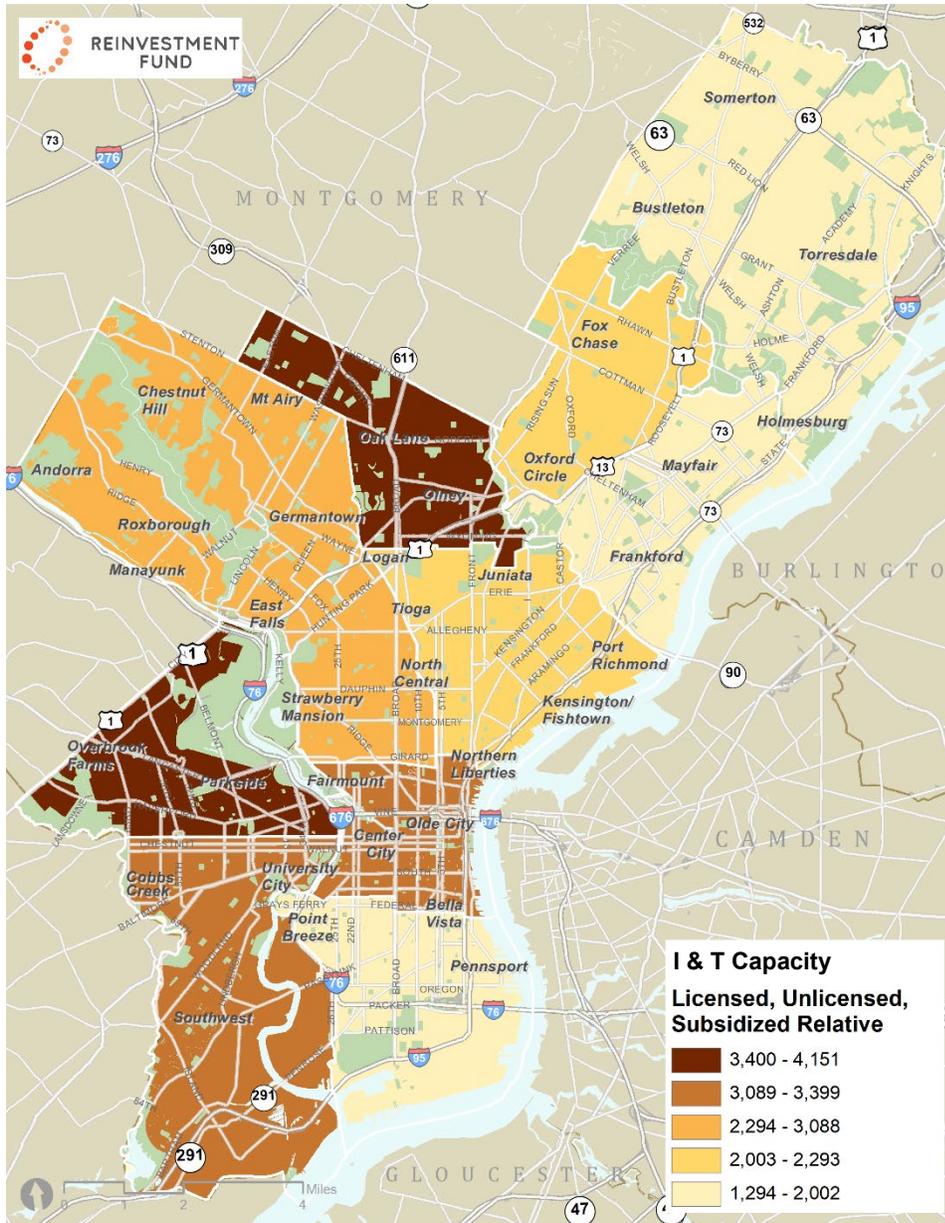
<sup>5</sup> To reflect the diversity of providers across different geographies in Philadelphia, calculations used PUMA-level estimates that allowed the percent of providers serving infants and toddlers as well as the share of infant and toddler enrollment to vary by PUMA. See Appendix B for more detail.

<sup>6</sup> For more information about the population of unlicensed providers see Reinvestment Fund’s 2016 whitepaper, “Investigating Philadelphia’s Uncertified Childcare Providers” Available: <https://goo.gl/PWdQpH>

- *Schools and Early Head Start Programs.* For public and private schools that have nursery programs and for Early Head Start programs, publicly available capacity data provide the number of infant and toddler seats. Based on these figures we estimate Early Head Start programs and schools with nursery programs provide a combined 426 infant and toddler seats.
- *Subsidized Relative Providers.* CCW records show that in March 2017, 486 infants and toddlers received subsidies to attend child care provided by a relative. The subsidized relative providers captured here comprise only a small fraction of the total number of infants and toddlers receiving care from a family member in Philadelphia.

Figure 2 shows the total estimated capacity of all infant and toddler care in each PUMA in the city. The location of infant and toddler capacity largely mirrors the location of all childcare capacity, with the exception of northwest, which has one of the highest concentrations of all childcare capacity, but only average concentrations of infant and toddler capacity.

**Figure 2: Estimated Capacity of Infant and Toddler Care**



## Measuring Demand for Infant and Toddler Care

Demand for child care in a specific area is comprised of two elements: the number of children of the appropriate age living in or near the area and the number of children who might travel from elsewhere to use child care in the area.

The first element, population, is relatively straightforward. In 2018 there were 65,743 infants and toddlers (children ages zero to three) residing in the city of Philadelphia.<sup>7</sup> The second element adjusts demand using commuting patterns in and out of the city, and from one neighborhood to another within the city. This adjustment varies considerably by area. For example, very few children live in Center City Philadelphia, yet the area has a relatively high number of childcare providers that serve parents working in the area looking for child care near their jobs.

Final demand estimates are informed by commuting patterns and job locations, adjusting demand upward in areas with high numbers of jobs, and adjusting demand downward in areas with fewer jobs. In aggregate, these adjustments increase the net demand for infant and toddler care in the city overall by 3,331, roughly 5% of all children that might seek care in the city..<sup>8</sup>

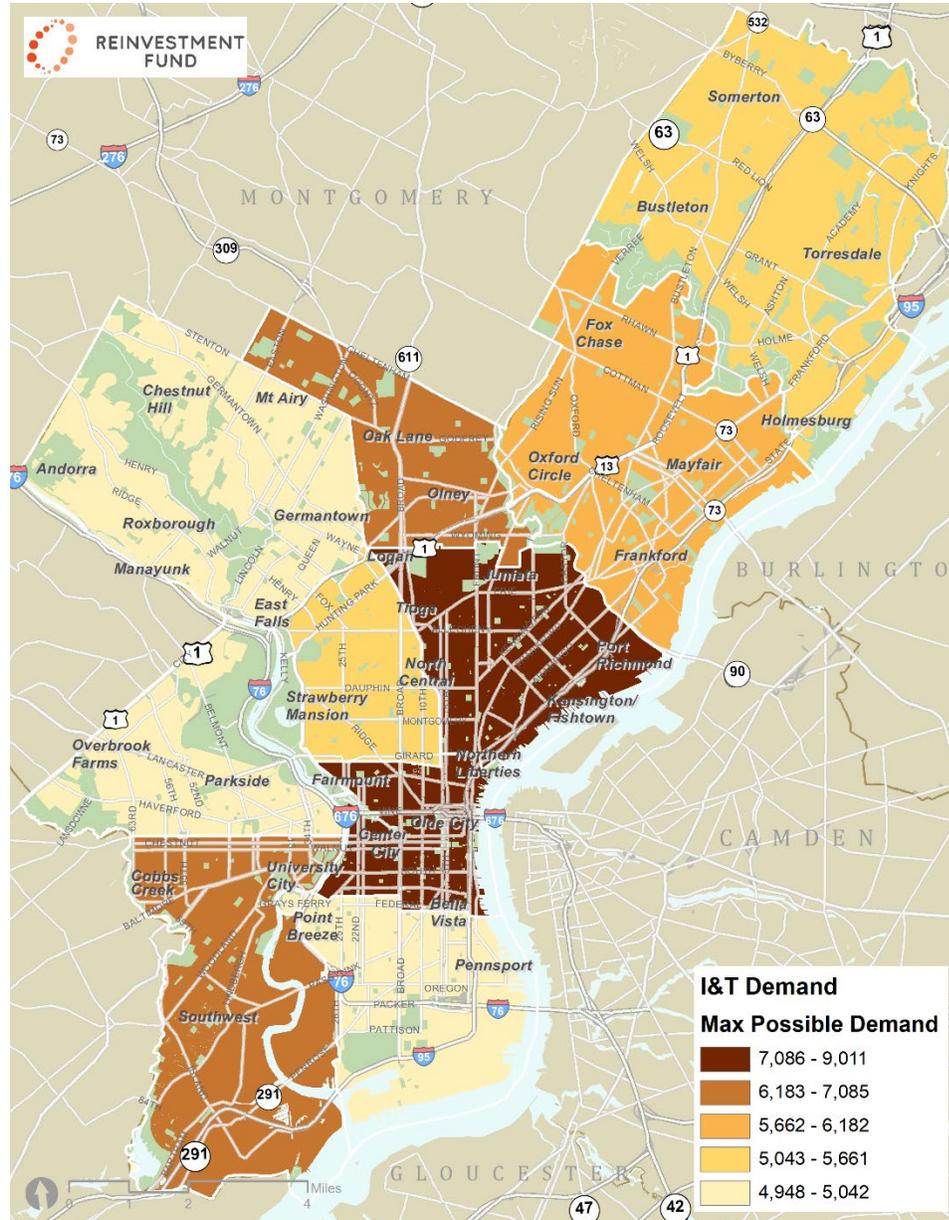
Based on these factors the estimated *maximum possible demand* for infant and toddler seats in the city is 69,074. Figure 3 shows the estimated maximum possible demand for infant and toddler care in each PUMA. The location of areas with the highest level of demand for infant and toddler care largely mirror those places with the highest demand for all childcare.

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<sup>7</sup> Population estimates provided by the Nielsen Company.

<sup>8</sup> The commuter adjustment for estimating demand assumes one third of commuting parents could seek child care closer to work, than to home. This assumption was developed based on the limited existing literature on this topic as well as in consultation with a steering committee made up of key stakeholders across the city in the development of Reinvestment Fund's first childcare analysis. Please see initial methodology report at <https://www.reinvestment.com/childcaremap/pdfs/full.pdf> for more detailed information on demand estimates.

**Figure 3: Maximum Possible Demand for Infant and Toddler Care**

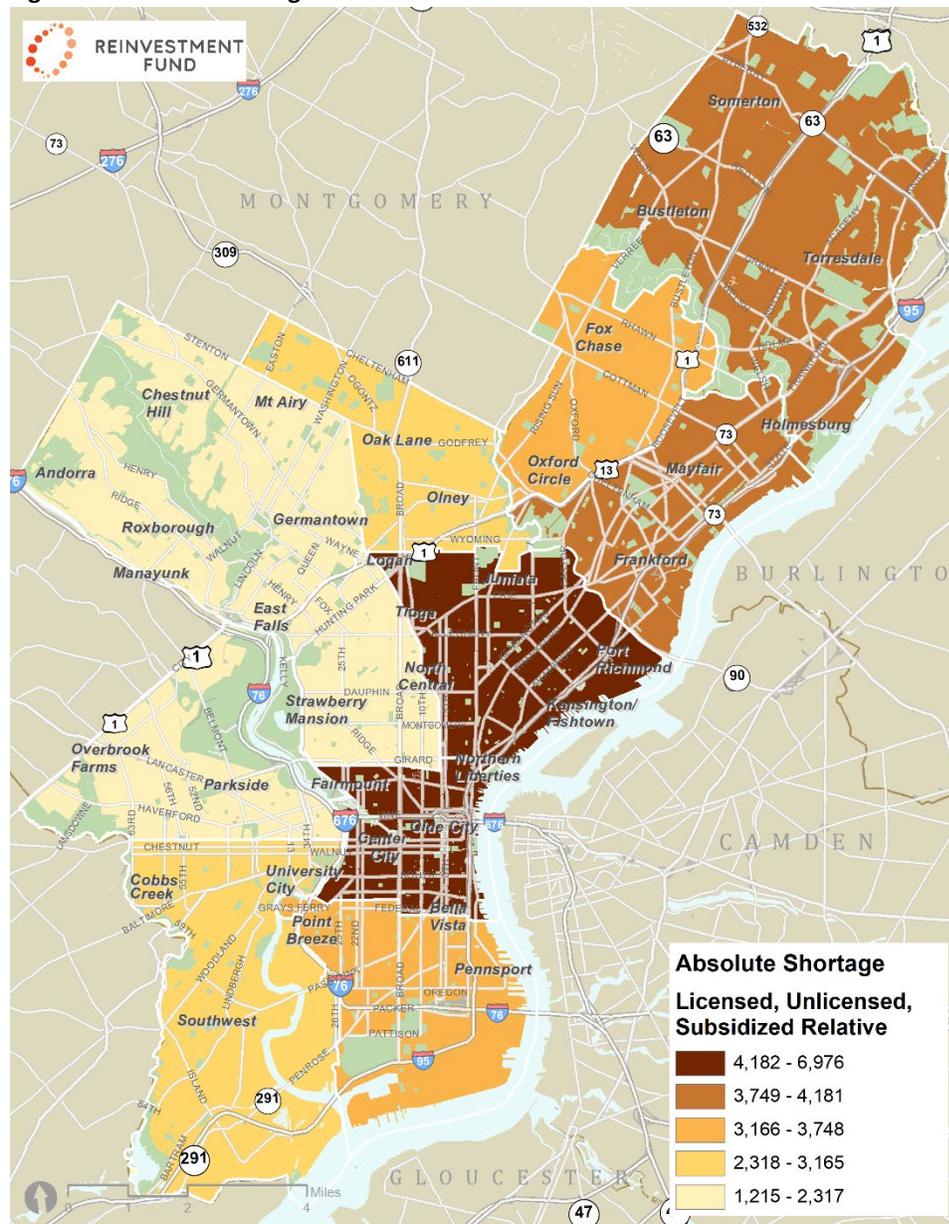


### Measuring Shortages in Infant and Toddler Care

Reinvestment Fund’s childcare analysis estimates two shortage measures: absolute shortage and relative shortage.

The absolute shortage measures the raw difference between maximum possible demand and total capacity in each PUMA in the city. The absolute shortage represents the number of new seats the city would have to create to provide every infant and toddler with a childcare seat. With an estimated maximum possible demand for 69,074 seats and a total capacity of 29,502 seats, the citywide absolute shortage is 39,572. Figure 4 shows the absolute shortage in each PUMA in the city.

**Figure 4: Absolute Shortage of Infant and Toddler Care**



Absolute shortages were largest in Center City and the East Philadelphia PUMA, while the smallest absolute shortages were located in parts of North West Philadelphia in the West, Northwest, and Central PUMAs.

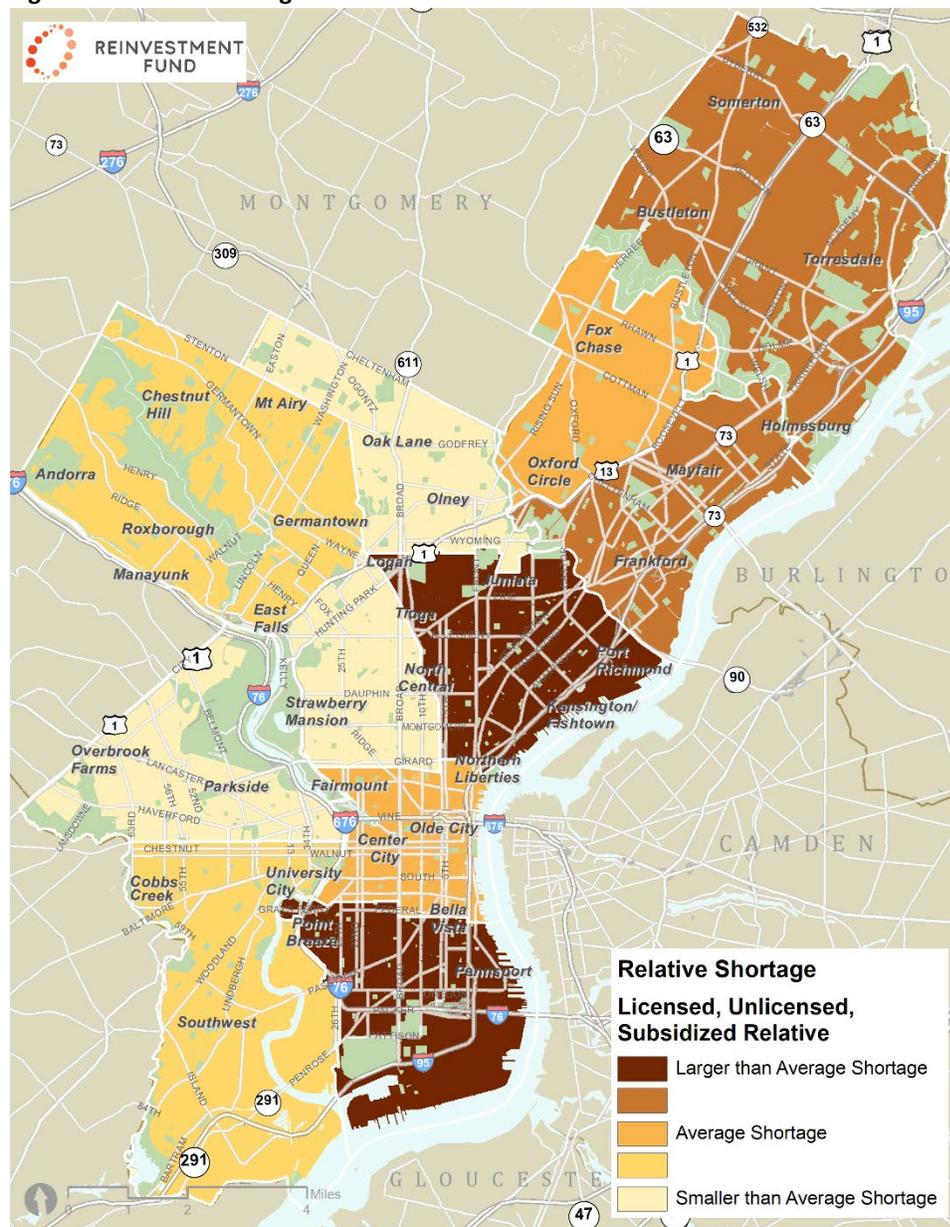
One reason that absolute shortages exists is that not every family looks for childcare outside of the home. Childcare providers, knowing this, will generally only provide as much supply as they believe parents will use. The relative shortage measure is designed, in part, to account for these parental preferences.

Relative shortage estimates identify areas where the capacity of infant and toddler care is substantially above or below an expected level, based solely on the maximum possible demand in the area. Calculating the relative shortage starts by estimating the average capacity provided by existing

providers. For example, across Philadelphia, there are approximately 2.3 infants and toddlers for every infant and toddler seat in a child care center or home. PUMAs with large relative shortages, are those places where the estimated capacity is substantially below 2.3 children per seat. PUMAs with small relative shortages are those places where the estimated capacity is substantially above 2.3 children per seat.

Figure 5 below shows the relative shortage of infant and toddler care across the city. Relative shortages were largest in the East and Southeast Philadelphia PUMAs, with large relative shortages also apparent in the northeastern parts of the city.

**Figure 5: Relative Shortage of Infant and Toddler Care**



It is interesting to note that PUMAs with above average shortages of infant and toddler care are also the areas of the city with the highest proportion of foreign-born residents. The Far Northeast, East, and

Southeast Philadelphia PUMAs are all home to a substantial proportion of Philadelphia’s immigrant communities. Institutional and language barriers may pose unique challenges for these populations as they seek infant and toddler care.

For children in immigrant families, the availability of child care is a significant challenge in many parts of the country. One national study found that only 40% of infants and toddlers in immigrant families were enrolled in regular child care, compared with 52% of their native-born peers. Despite a limited availability of options, immigrant families’ preferences for child care are similar to native-born parents with regard to the importance of program characteristics like learning environments, curriculum, and affordability.<sup>9</sup> Studies examining immigrant families’ access to child care find that the most common barriers to access include: limited availability of space in existing centers, inaccessible hours and locations, language barriers, and a general distrust of government institutions (despite many childcare programs being privately run).<sup>10</sup>

## Challenges and Opportunities Associated with Serving Infants and Toddlers

In addition to estimating the capacity of infant and toddler care, the provider survey was also designed to understand the challenges providers face when serving infants and toddlers. To supplement survey responses, Reinvestment Fund also conducted three small focus groups and a series of one-on-one interviews with providers who completed the survey. Among providers serving infants and toddlers, Reinvestment Fund sought to understand more about the challenges associated with serving this population. Among providers that do not serve infants and toddlers, Reinvestment Fund sought to understand the obstacles providers perceive as barriers to serving younger children, and their plans for serving this population in the future.

Table 6 presents the percentage of providers who identified actual or perceived challenges in serving infants and toddlers as ‘difficult’ or ‘very difficult’, as well as the percentage of providers who acknowledged plans for expanding the number of infants and toddlers they serve.

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<sup>9</sup> Heather Sandstrom, Julia Gelatt, (2017) “Child Care Choices of Low Income, Immigrant Families with Young Children: Findings from the National Survey of Early Care and Education” Urban Institute.

<sup>10</sup> See: Gina Adams, Hannah Matthews, (2013) “Confronting the Child Care Eligibility Maze: Simplifying and Aligning with Other Work Supports” Urban Institute; Julia Gelatt, Gina Adams, and Sandra Huerta, (2014) “Supporting Immigrant Families’ Access to Prekindergarten” Urban Institute; Erica Greenberg, Gina Adams, and Molly Michie (2016) “Barriers to Preschool Participation for Low-Income Children in Immigrant Families in Silicon Valley: Part II” Urban Institute; Maki Park and Margie McHugh, (2014) “Immigrant Parents and Early Childhood Programs: Addressing Barriers of Literacy, Culture, and Systems Knowledge” Migration Policy Institute, cited in: Malik et al. (2018) “America’s Child Care Deserts in 2018” Center for American Progress.

**Table 6: Challenges Associated with Infant and Toddler Programs\***

	<b>Providers Currently Serving Infants and Toddlers</b>	<b>Providers NOT Currently Serving Infants and Toddlers</b>
<b><i>Challenges Serving Infants &amp; Toddlers</i></b>		
Maintaining 0 to 1-year-old enrollment	25.5%	N/A
Maintaining 1- to 3-year-old enrollment	21.9%	N/A
Maintaining enrollment	N/A	42.3%
Hiring quality staff	74.4%	51.3%
Retaining quality staff	66.5%	48.7%
Curriculum development for infants/toddlers	16.7%	38.5%
Purchasing materials for infants/toddlers	49.8%	43.6%
Meeting regulations	21.1%	56.4%
<b><i>Future Plans for Serving Infants &amp; Toddlers</i></b>		
Expand 0 to 1-year-old capacity	36.2%	11.5%
Expand 1- to 2-year-old capacity	45.6%	16.7%
Expand 2- to 3-year-old capacity	66.9%	46.2%
No expansion plans	15.8%	42.3%
<b>Total Respondents</b>	<b>329</b>	<b>78</b>

\*Responses from 'providers currently serving infants and toddlers' represent their *experiences* with each of the challenges listed in Table 6; responses from 'providers not currently serving infants and toddlers' represents their *perceptions* of the challenges they would face serving infants and toddlers.

The results in Table 6 point to important alignments and divergence between the challenges reported by those providers serving infants and toddlers, and the perceived challenges cited by providers who do not currently serve infants and toddlers. Key differences between these groups include:

- Roughly a quarter of infant and toddler serving providers cited difficulty in maintaining enrollment (26% and 22%) compared to the perceptions of 42% of providers not currently serving infants and toddlers.
- A substantially greater share of providers serving infants and toddlers cited hiring (74%) and retaining (67%) quality staff as difficult challenges, compared to about half (51% and 49%, respectively) of providers not currently serving infants and toddlers.
- A substantially greater share of providers not currently serving infants and toddlers cited curriculum development as a difficult challenge compared to those who currently serve infants and toddlers (39% v. 17%).
- A substantially greater share of providers not currently serving infants and toddlers cited regulatory requirements as a difficult challenge compared to those who currently serve infants and toddlers (56% v. 21%).

Despite some of the differences between the challenges experienced by providers who serve infants and toddlers, and the perceptions of these challenges by those who do not, the findings from our surveys and interviews do point to a broad consensus on the economic, staffing, and managerial challenges involved in serving infants and toddlers.

Despite these challenges, however, many providers anticipate maintaining or even expanding their infant and toddler capacity – particularly for older toddlers (children ages two to three). Among providers currently serving infants and toddlers, 66% indicated that they would consider expanding capacity for older toddlers. Among providers that did not currently accept infants and toddlers, 46% indicated they would also consider expanding capacity for older toddlers. There was significantly less interest in expanding seats for infants (children under the 12 months old) – only 36% of those that currently serve infants and toddlers and 12% of those that do not currently serve infants and toddlers indicated that they would be interested in serving these children in the future. The maximum class sizes for older toddlers are 50% larger than those for infants (6 vs 4), meaning older-toddler classrooms have the potential to bring in more revenue. Providers serving children under two years must also comply with additional facilities requirements (see page 20 for more information), making them potentially more difficult to serve than older toddlers.

While providers highlighted significant barriers to serving infants and toddlers, interview participants also suggested that infant and toddler programs provide competitive advantages and important *non-financial* benefits for the providers.

### **The Challenging Economics of Infant and Toddler Classrooms**

The financial challenges associated with serving infants and toddlers are well understood. A recent study of the cost of child care in Pennsylvania conducted by Research For Action found that the average per child cost of providing a seat for an infant or toddler was nearly double that of providing a seat for a preschooler.<sup>11</sup> This disparity aligns with national estimates, where researchers have found that childcare costs for infants are nearly 61% greater than the cost of providing care to preschoolers.<sup>12</sup>

In addition to higher costs per child, programs are also constrained by law in how many children they can serve, limiting their revenue per classroom. For health and safety concerns, Pennsylvania and other states set maximum class sizes by age, and younger children have the smallest allowable class sizes. For home-based providers with mixed age levels, the age of the youngest child determines the maximum group size in the home. Higher state reimbursement rates for younger children provide some relief, but do not adequately cover the higher costs associated with serving infants and toddlers.<sup>13</sup>

Providers themselves are well aware of these challenges. One center-based provider who attended our focus group for providers not currently serving infants and toddlers, succinctly captured the financial challenges involved in serving infants and toddlers. “Frankly, parents don’t want to pay what it costs for an infant or a toddler. It’s just not profitable with what they’ll pay. You can barely pay the teacher or cover your overhead.” Because many families are limited in what they can afford to pay for child care, the cost of providing care for young children often exceeds the possible revenue providers can generate from a classroom. The tuition received from a room of infants or toddlers does not, generally, cover the

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<sup>11</sup> Moran, et al. “Child Care Funding and Finance in Pennsylvania: Budgeting for Survival or Paying for the True Cost of Quality?” Research for Action. June 2017. Pg 14

<sup>12</sup> Simon Workman and Steven Jessen-Howard. “Understanding the True Cost of Child Care for Infants and Toddlers” Center for American Progress. November 2018.

<sup>13</sup> A recent study of the cost child care services found that the average true cost of high-quality child care is over \$27,000 per year for an infant and \$21,000 per year for a toddler. See: Workman, Simon. “Where Does Your Child Care Dollar Go: Understanding the True Cost of Quality Early Childhood Education.” Center for American Progress. February 2018.

<https://www.americanprogress.org/press/release/2018/02/14/446590/release-new-interactive-reveals-true-cost-quality-early-childhood-education-u-s-state/>

salary of the staff member(s) teaching the class. In many programs the youngest children are cross subsidized by classrooms serving old children, which are relatively more profitable.

### **Staffing Challenges for Infant and Toddler Serving Programs**

In addition to financial challenges, staff recruitment and retention are significant obstacles for infant and toddler serving programs. Staffing is a challenge across the childcare sector, but particularly difficult for providers looking to staff infant and toddler classrooms. Surveyed providers were given a set of programmatic issues ranging from developing curriculum to paying for materials and asked to rate their difficulty on a five-point scale (Very Easy, Somewhat Easy, Not Applicable, Somewhat Difficult, Very Difficult). Hiring and retaining staff were the most frequently cited challenges. Among programs currently serving infants and toddlers 74% of respondents indicated that hiring quality staff for infant and toddler classrooms was somewhat or very difficult and 66% of respondents indicated that retaining staff was somewhat or very difficult. Roughly half of respondents indicated that paying for materials for infant and toddler classrooms was somewhat or very difficult. No other programmatic issue was selected by over 25% of respondents.

In focus groups and interviews, providers elaborated on the challenges they face hiring and retaining staff. Low pay and limited prestige were the most common themes.

Providers reported that many of their employees see infant and toddler work as the least desirable job, more akin to babysitting than education. As one provider put it, “25% of this job is changing diapers, there’s no getting around it.” Many also worried that efforts to encourage childcare workers to get college degrees would make it even more challenging to find staff in the future. In the words of one provider who was interested in expanding her program to begin accepting infants and toddlers:

It’s very hard to find good staff that want to work for the pay. It’s really a high burn-out field. There’s other fields where you can make more money for less time. You know it’s a really physical job. Lots of college graduates don’t want to do this kind of work.

Retaining staff is also a challenge for providers. As the quote above indicated, other similar jobs offer much higher compensation levels. The disparity in pay between kindergarten teachers and pre-school teachers helps illustrate the challenge providers have in hiring and retaining staff. For example, nationally, the median annual salary of a kindergarten teacher was nearly 70% greater than the median salary of a pre-school teacher (\$57,110 vs \$33,590) in 2017.<sup>14</sup>

### **Programmatic Challenges for Infant and Toddler Serving Programs**

Focus group and interview participants also highlighted various programmatic challenges that did not appear on the survey. Many providers believed that younger children took more work to serve. As one home-based provider put it, “The preschoolers are easier to manage because they follow direction better and it’s easier to keep them in a designated space because they listen. They are able to follow

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<sup>14</sup> “May 2017 National Occupational Employment and Wage Estimates, United States.” Bureau of Labor Statistics. Available: [https://www.bls.gov/oes/2017/may/oes\\_nat.htm#25-0000](https://www.bls.gov/oes/2017/may/oes_nat.htm#25-0000). (Accessed 1/04/19)

routines. Once you keep things in their area, they're content and don't need to explore like the toddlers." Another described the special difficulty of helping infants transition into childcare:

I just recently started another infant even though I said I wasn't going to take more, but I had a parent whose other child I've had. It's more demanding and harder to get them on a schedule than with the older children. The infant that I have cries a lot because he was a breastfed baby and now I'm transitioning him to taking the bottle and formula so it's a lot of changes for me. I have another person to help me, but I still can't hold them all day like the parents want me to.

The parents of younger children can also be more challenging. One provider spoke about the misconceptions first time parents with younger children have towards childcare:

Their mindsets are different. For toddlers they come in with [a] perception...that you are babysitting my child. But we have curriculum for parents and family time. We expect parents to be involved.

New parents may have less trust in their childcare provider or less of an understanding of how programs operate. This challenge is amplified even further among providers working with vulnerable populations, where parents of young children may need significant support themselves:

When talking about parents, some of our infant and toddler parents haven't even graduated from high school or will not graduate from high school. So their parents are still struggling with [the] public system and stability of life. They might be in their mid-twenties, gone through [a] homeless spell. We had one parent come in with twins, she has to be less than 20, but she has two children. We have to give her pep-talks. She would come at the last minute right before the closing every day. Can you blame her?

Managing reimbursements for younger children receiving CCW subsidies was also a challenge. CCW is the largest provider of subsidies for infants and toddlers. The program operates like a voucher program. Eligible families apply and receive a subsidy that follows their child to the licensed provider of their choice. Providers are reimbursed by the state based on the enrollment and attendance of eligible children in their programs. When a parent's eligibility lapses, due to missing a paperwork deadline or changes in their employment status, providers will stop receiving payment, even if they continue to serve the child. One provider we spoke with said that she assumes every child will have her or his subsidy dropped twice due to eligibility lapses while they are in her program—making it difficult for her to budget and plan for the future.

For pre-k classrooms, other subsidized funding streams are available, which provide a more stable and predictable source of funding. The city's PHLprek program, for example, has fewer eligibility requirements (e.g., children in families at all income levels are eligible) making it easier for providers to maintain the eligibility of their children. The state's Pennsylvania Prek Counts program, on the other hand, contracts directly with providers, providing funding for a set number of slots at a pre-determined rate over a given timeframe. As long as the provider can document a minimum enrollment, fluctuations in individual student enrollment do not impact their funding.

## Startup Costs and Perceptions of Regulatory Requirements are Major Barriers to Entry

The survey also asked providers about the barriers non-infant and toddler serving programs face when trying to enter the infant and toddler market. Startup costs and perceptions of regulatory burdens were the most commonly identified barriers for non-infant and toddler serving programs.

When survey respondents who indicated that their programs did not serve infants and toddlers were given a list of programmatic elements and asked to identify the most challenging barriers, complying with regulations was the most frequently cited challenge. Among respondents who did not currently serve infants and toddlers, 56% indicated that they believed complying with infant and toddler regulations would be difficult or very difficult. When providers currently serving infants and toddlers were asked the same question, only 21% indicated that complying with regulations was difficult or very difficult.

Interviews and focus groups with non-infant and toddler serving programs elaborated on the role that a provider's perceptions about infant and toddler regulations played in keeping them out of the infant and toddler market. Providers shared accounts from peers about the difficulty of complying with state regulations for serving infants and toddlers. One provider who had worked in the industry for many years was interested in working with younger children, but was wary of the additional responsibilities that would come with accepting infants and toddlers:

I've been interested in that field, but I've never directly worked with infants and toddlers. I'll have to learn. If we go that way, I'll have to think about [Pause]... is it worth it for me to make that shift and do new learning? I've seen the struggles people go through. Early Head Start, things like that, I've seen their struggles. One of our other centers just did it and two people resigned. It's a hard task, serving that early of the child. The lines they have to meet is just too much. They were great directors, and they still couldn't take it.

For those providers that felt they were already barely getting by, the possibility of taking on additional burdens to serve a new population was daunting. This provider's observation also highlights some misconceptions about the similarities between Early Head Start and simply serving infants and toddlers – which have different regulatory structures and professional knowledge requirements.

Startup costs were another frequently cited barrier to serving infants and toddlers. Serving young children carries additional fire code and facility requirements that could be expensive for providers looking to enter the infant and toddler market. Facilities serving more than five children under the age of 30 months are required to hold a special certificate of occupancy, and generally must have special sprinkler systems or direct egress from each classroom.<sup>15</sup>

Non-infant and toddler serving programs were also aware of how challenging it was to hire staff for infants and toddler classrooms. Additionally, many believed that materials like toys, cribs, and diapers would be more expensive for younger children. Among surveyed providers not serving infants and toddlers, 44% indicated that paying for supplies and materials was an important or very important barrier to serving infants and toddlers.

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<sup>15</sup> In general, facilities with more than five children under 30 months old would be different than facilities without young children. For more information see: <https://codes.iccsafe.org/content/IBC2018/chapter-3-occupancy-classification-and-use>

## **Few Licensed Providers Plan to Scale Back or Close Infant and Toddler Programs**

Despite the significant challenges described in the survey and focus groups, few licensed providers surveyed plan to scale back their infant or toddler programs; in fact, many are considering expansion. When asked about their plans for the future, 84.2% of providers currently serving infants or toddlers were open to expanding some portion of their existing infant and toddler program.

Providers not currently serving infants and toddlers were also interested in expanding. Over half of licensed providers (58%) who were not serving infants and toddlers acknowledged plans to accept them in the future. The most frequent target for expansion were toddlers (age 2 to 3)—46% of programs not currently serving infants and toddlers were interested in expanding to serve these children, while only 12% reported interest in expanding to serve children under the age of one. A preference for older toddlers is likely attributable to the larger class sizes and more lenient facility requirements that attach to these ages.

## **Infant and Toddler Classrooms Offer Competitive and Non-Financial Advantages**

In addition to the challenges cited above, providers in interviews and focus groups also highlighted a number of benefits associated with infant and toddler programs. Understanding the benefits providers perceive from their infant and toddler classrooms helps explain why providers continue to serve this age group, despite its challenges.

In many cases, providers described their youngest children as their most rewarding to serve. In focus groups and interviews, providers acknowledged the importance of the business and financial side of child care, but they also cited a desire to serve children and families as an important motivator. These providers understood the importance of early education and many were motivated by the idea that they could have the largest impact by working with the youngest children:

I think it's rewarding with infants and toddlers to see what you've instilled in them. For example, all my toddlers I can say that I'm almost at a diaper free daycare and all of them have potty trained – I've had a girl since she was six weeks old – and she only wants to go to the “big girl” restroom. I like to see what they've learned from us. You see things where you can get up close and personal and see things that the parents can't see. It's nice that the parents are saying you're doing well, and the parents say you practically raised my kid. That feels nice.

For home-based providers, serving younger children was a more tangible way to connect with the families that they serve:

We're really doing a service for the entire family by serving infants and toddlers. You can't do infant and toddler without servicing the parents... At that point their [Child's] brain is still developing and some of these parents don't know how to handle traumatizing situations... [Kids] can feel when their parents are depressed, they need someone to comfort them. We comfort the mother and father. And that helps the environment. It is emotionally, academically, developmentally important. It really saves the child.

Providers also saw accepting infants and toddlers as a competitive advantage. In the words of one provider looking to enter the infant and toddler market, “I think everyone is trying to do it. It's more

convenient for the parents and that’s what they’re looking for.” For parents with multiple children, the ability to make one stop in the morning and in the evening to pick up both children is advantageous. Particularly for those providers interested in growing their pre-k programs, having classrooms that can serve younger siblings is seen as a necessity.

For other providers, maintaining classrooms for younger children was about maintaining the enrollment they already have and planning for the future. One provider who did not currently serve infants and toddlers, but planned to in the future, described her new toddler classroom as a feeder program for the financially viable classrooms in the center. “We want to add them as a feeder program. The pre-k classrooms have so many more options for parents to help them pay for care. If we can start the kids here when they’re younger, we think there’s a greater chance that they’ll stay with us.”

## Conclusions, Implications, and Next Steps

The findings presented in this report provide a data-informed starting point for considering a range of possible next steps for funders and policymakers interested in supporting high-quality infant and toddler care in Philadelphia. The anxiety that the expansion of pre-k will adversely affect the infant and toddler market appears to be exaggerated at this time. The experiences and perceptions of the providers who participated in this study do not point to an imminent exodus of providers from the infant and toddler sector or a substantial number of providers looking to change infant and toddler rooms into pre-k classrooms. To some extent, this reflects the success of policies and guardrails the city has implemented while working to expand pre-k. Centers interested in participating in PHLpreK, for example, must certify that they are not using PHLpreK funding to replace infant and toddler classrooms.

However, advocates, funders, and policymakers should continue to monitor the landscape of infant and toddler providers. Efforts to expand pre-k access in Philadelphia have thus far created a relatively modest number of seats. The city’s PHLpreK program, for example, is still growing and has only created 2,250 of the 5,500 seats the program is intended to support.<sup>16</sup> As the city moves closer to universal pre-k access the dynamics in the market may change.

What follows are the policy-relevant takeaways from the survey, focus groups, interviews and analysis of the childcare market data.

### **Over 40% of Philadelphia’s Infant and Toddler Population Lives in Areas with the Largest Shortages of Infant and Toddler Care**

With an estimated capacity of 29,502 seats and a maximum possible demand for 69,074 seats, Philadelphia currently lacks seats for as much as 57% of the infants and toddlers in the city, if all were to use child care. Shortages in the availability of care varied substantially across the city. The largest relative shortages were apparent in areas such as the Far Northeast, East, and Southeast Philadelphia PUMAs which, in recent years, have become home to Philadelphia’s burgeoning immigrant

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<sup>16</sup> <http://www.phlprek.org/about/>; <https://www.phila.gov/2019-01-04-2019-phlprek-by-the-numbers/>

communities. As of 2017, 41% of the city's infant and toddler population lived in the Far Northeast, East, and Southeast Philadelphia PUMAs, where shortages are most acute.

As funders and policymakers look for ways to expand access to infant and toddler care, it will be important to consider the unique needs of these populations. These areas, particularly the Southeast and East Philadelphia PUMAs are also the location of some of the city's hottest real estate markets where commercial space is becoming more expensive and childcare programs may be competing with developers and other businesses for suitable space.

Areas in the western and northwestern portions of the city were better served, although it is possible that with more geographically nuanced data, pockets of shortages within the PUMA geographies used in this analysis may exist.

### **More Nuanced Demand Estimates can Help Inform Appropriate Steps to Efficiently Meet Families' Needs**

The results of the provider survey, providers' accounts in focus groups and interviews, and anecdotes from parents, advocates, and providers suggest that the availability of infant and toddler care is insufficient to meet the need in Philadelphia. While the provider survey offers information about the supply of infant and toddler care, information about parental preferences - from the perspective of parents themselves - for infant and toddler care is lacking. Developing a more nuanced demand estimate would provide policymakers, advocates, and practitioners with additional actionable information on where their efforts to meet families' needs will be most impactful.

### **Further Study of Shortages of Infant and Toddler Care Should Focus on High Quality Programs**

Due to the limited number of survey respondents, it was not possible to comprehensively measure the supply of high-quality infant and toddler care in programs designated by Pennsylvania's Keystone STARS rating system. It is important to note that the state's CCW programs offer tiered reimbursements that provide higher reimbursement rates to highly rated programs serving younger children. Although higher reimbursement rates are designed to compensate providers for the additional costs associated with providing high-quality care, these additional subsidies do not fully cover the cost of care. Understanding more about the role of tiered reimbursements on provider's capacity to serve infants and toddlers would provide critical insight for future efforts to expand infant and toddler care.

### **Despite Concerns, Providers Are Not Leaving the Infant and Toddler Sector**

Providers who participated in the study are not planning to close or scale back their infant or toddler programs. Despite the well documented challenges associated with serving these young children and the increasing resources invested in pre-k, providers indicated that they will continue to serve infants and toddlers.

For many of the providers, younger classrooms are financial 'loss leaders' — a service providers offer at a financial loss to attract customers for their other more financially viable programs. This provides one possible explanation for why interest in infant and toddler care remains, despite the challenges. As more

public funding for pre-k becomes available, the market will become even more competitive. Providers facing new competition in the pre-k market are looking to add or expand classrooms for younger children as a way to retain or attract new customers who might look elsewhere. While infant and toddler programs are financially and logistically challenging, they are an essential part of competing in the childcare marketplace.

Taking on loss leading infant and toddler classrooms to support profitable pre-k enrollment requires a sophisticated understanding of program finances. If more programs adopt this model, finding new ways to support childcare providers with financial technical assistance and budgeting tools may be necessary.

While the results of this study did not uncover a mass exodus from the infant and toddler sector, it will be important for funders, advocates, and policymakers to continue monitoring the sector. As Philadelphia and the state continue to make investments that expand access to pre-k there is a danger that incentives to change infant and toddler rooms over to pre-k could become too great to resist.

### **Communication and Technical Assistance Can Help Address Perceptions about Regulatory Burdens**

Responses to the provider survey and our interviews revealed that perceptions around the cost of regulatory compliance may be a substantial barrier to entry into the infant and toddler market. To be sure, serving infants and toddlers comes with additional requirements, which carry costs. Many of these costs are associated with important health and safety regulations. For example, facility modifications related to fire safety and staffing ratios are designed to protect the youngest children.

But responses to the provider survey and our interviews also revealed that the perception of regulatory complexity was also a barrier to entry, but not necessarily an ongoing challenge. Among respondents who did not currently serve infants and toddlers, 56% indicated that they believed complying with infant and toddler regulations would be difficult or very difficult. When providers currently serving infants and toddlers were asked the same question only 21% indicated that complying with regulations was difficult or very difficult.

This mismatch suggests that while perceptions of regulatory complexity are a barrier for those not serving infants and toddlers, among those working in the space, regulatory compliance was not a significant challenge for most providers.

Better communication with providers and technical assistance from regulatory agencies to assist providers in expanding to serve infants and toddlers could help dispel preconceptions about the challenges related to serving infants and toddlers. While many of the regulations serve very important purposes (e.g., safety, public integrity), a careful review of existing regulatory requirements, systems, and processes with a special emphasis on simplifying and streamlining reimbursements would be useful as well.

### **Challenges Hiring and Retaining Staff will Likely Persist without Systematic Changes**

The difficulty of hiring and retaining qualified staff for infant and toddler classrooms was a consistent theme in both survey responses and interviews. While the entire sector faces human capital challenges, hiring for infant and toddler classrooms is a particular challenge. Improving curricula, new investments

in training and shared recruitment platforms can help grow the pipeline of eligible job candidates, but without higher reimbursement rates and higher staff salaries, retention is likely to be an ongoing challenge for providers.

### **The Sector Must Continue Developing Solutions to Address the Cost of Expansion**

Survey responses and interviews described in this report suggest that childcare providers largely have an interest in expanding their service for infants and toddlers. For providers not currently serving infants and toddlers, that expansion carries real costs. In addition to the time required to hire new staff and adjust their educational curricula and practices, they will need to learn new regulations related to infant and toddler classrooms. Expansion likely also requires purchasing new supplies and acquiring additional space. For center-based programs in particular, acquiring the proper certificate of occupancy for a facility with young children may require substantial modifications to the program's existing facility.

Providers interested in expanding infant and toddler service require capital support to fund their expansion. Developing funding tools that help providers retrofit their facilities and purchase necessary supplies can help close the gap between the existing supply of and demand for infant and toddler care.

## Appendix A: Provider Survey Responses

The provider survey was completed by 407 individual providers. The tables below present summary responses for three groups: all providers; childcare centers; and home-based providers – ‘home-based’ providers refer to family- and group-home childcare providers.

The survey was designed so providers would only be asked questions that were relevant for the populations they serve. In addition, providers were able to skip any question they could not or did not want to answer. The number of respondents represented in the tables below reflect the population of providers for whom specific items were relevant and those who actually answered the questions.

### Summary of Provider Characteristics, Populations Service, and Capacity

	Childcare Centers	Home-based Providers	All Respondents	
Quality Rating	Respondents	251	156	407
	% High Quality	29.9%	16.7%	24.8%
	% No Rating	15.5%	21.2%	17.7%
	% Star 1	36.3%	50.6%	41.8%
	% Star 2	18.3%	11.5%	15.7%
	% Star 3	14.3%	7.5%	11.6%
	% Star 4	15.5%	9.2%	13.3%
Population Served & Capacity	Respondents	251	156	407
	% enroll 10 or less	6.0%	81.4%	34.9%
	% enroll 11 – 25	18.3%	14.7%	17.0%
	% enroll 26 – 50	26.3%	1.9%	17.0%
	% enroll 51+	49.4%	1.9%	31.2%
	% Serve Under 3 years old	76.5%	87.8%	80.8%
	% Serve 3 to 5 years old	86.9%	87.8%	87.2%
	% Serve 5 plus years old	70.5%	60.3%	66.6%
	0 to 3 share of total enrollment – 0%	23.5%	14.7%	20.2%
	0 to 3 share of total enrollment – 1-15%	7.2%	3.2%	5.7%
	0 to 3 share of total enrollment – 15-30%	20.7%	23.1%	21.6%
	0 to 3 share of total enrollment – 30-50%	31.5%	36.5%	33.4%
	0 to 3 share of total enrollment – 50%+	17.1%	22.4%	19.2%
	Respondents	190	135	325
	Youngest age – less than 3 months	60.0%	63.7%	61.5%
	Youngest age – 3 to 5.9 months	14.2%	19.3%	16.3%
	Youngest age – 6 to 12 months	12.6%	12.6%	12.6%
	Youngest age – 12+ months	13.2%	4.4%	9.5%
	Respondents	192	137	329
	% Turned away Under 3 years old	70.3%	63.5%	67.5%
	Respondents	217	136	353
	% Turned away 3 to 5 years old	63.6%	59.6%	62.0%
	Respondents	177	94	271
% Turned away 5 plus years old	49.2%	47.9%	48.7%	
Respondents	189	135	324	
% at capacity for Under 3 years old	37.0%	34.1%	35.8%	
Respondents	213	135	348	
% at capacity for 3 to 5 years old	39.0%	33.3%	36.8%	

### Summary of Provider Characteristics, Populations Service, and Capacity (Continued)

Population Served & Capacity	Childcare Centers	Home-based Providers	All Respondents
	Respondents	173	91
% at capacity for 5 plus years old	37.0%	37.4%	37.1%
Respondents	160	115	275
% with less capacity for 0 to 3-year-olds from 2 years ago	15.6%	10.4%	13.5%
% with more capacity for 0 to 3-year-olds from 2 years ago	28.8%	29.6%	29.1%
% with the same capacity for 0 to 3 year olds from 2 years ago	53.1%	60.0%	56.0%

### Summary of Operations, Location, and History

Hours of Operation \ Pricing	Childcare Centers	Home-based Providers	All Respondents	
	Respondents	251	156	407
% charging above subsidy rate	18.7%	19.9%	19.2%	
% Open Non-traditional hours (past 7 PM/weekends)	12.4%	32.1%	19.9%	
% Open weekends	9.2%	34.6%	18.9%	
% Open 24 hours	2.4%	19.2%	8.9%	
Location	Respondents	251	156	407
	% Puma Center City	10.8%	2.6%	7.6%
	% Puma Central	11.2%	6.4%	9.3%
	% Puma East	10.0%	8.3%	9.3%
	% Puma Far Northeast	5.2%	64.0%	3.4%
	% Puma Near Northeast-East	7.2%	10.3%	8.4%
	% Puma Near Northeast-West	8.0%	6.4%	7.4%
	% Puma North	13.2%	21.8%	16.5%
	% Puma Northwest	10.0%	7.1%	8.9%
	% Puma Southeast	6.8%	7.1%	6.9%
	% Puma Southwest	10.4%	16.0%	12.5%
	% Puma West	7.6%	13.5%	9.8%
Years of Operation	Respondents	251	156	407
	1 year or less	7.6%	8.3%	7.9%
	2 to 5 years	25.9%	28.2%	26.8%
	6 to 10 years	22.7%	26.9%	24.3%
	11+ years	43.8%	36.5%	41.0%

### Summary of Providers Currently Serving Children Ages Zero to Three

Challenges for Providers Serving 0 to 3 – % Difficult/Very Difficult	Total Respondents	192	137	329
	% maintaining 0 to 1 enrollment	25.6%	25.3%	25.5%
	% maintaining 1 to 3 enrollment	23.0%	20.2%	21.9%
	% hiring quality staff	81.7%	62.4%	74.4%
	% retaining quality staff	70.9%	58.9%	66.5%
	% curriculum development	19.5%	12.7%	16.7%
	% materials	50.6%	48.9%	49.8%
	% meeting regulations	21.6%	20.3%	21.1%
Providers Serving 0-3: Plans to Expand 0-3	% expand 0 to 1-year olds	34.9%	38.0%	36.2%
	% expand 1 to 2-year olds	40.1%	53.3%	45.6%
	% expand 2 to 3-year olds	61.5%	74.5%	66.9%
	% no expansion	19.3%	11.0%	15.8%
Importance of reasons that Providers DO NOT Serve 0 to 3 (% very important)	Total Respondents	59	19	78
	% maintaining enrollment	37.3%	57.9%	42.3%
	% hiring quality staff	49.2%	57.9%	51.3%
	% retaining quality staff	49.2%	47.4%	48.7%
	% curriculum development	40.7%	31.6%	38.5%
	% materials	37.3%	63.2%	43.6%
	% meeting regulations	54.2%	63.2%	56.4%
	% suitable space	47.5%	57.9%	50.0%

### Summary of Providers Not Currently Serving Children Ages Zero to Three

	Childcare Centers	Home-based Providers	All Respondents	
Providers NOT serving 0-3: Plans to Expand 0-3	Total Respondents	59	19	78
	% expand 0 to 1-year olds	5.1%	31.6%	11.5%
	% expand 1 to 2-year olds	11.9%	31.9%	16.7%
	% expand 2 to 3-year olds	40.7%	63.2%	46.2%
	% no expansion	47.5%	26.3%	42.3%
Future Plans/Incentives for Providers NOT serving 0 to 3 (% Very Likely)	Total Respondents	59	19	78
	% higher reimbursement rates	42.4%	79.0%	51.3%
	% grants	44.1%	68.4%	50.0%
	% building renovations	47.5%	52.6%	48.7%
	% marketing support	33.9%	52.6%	38.5%
	% curriculum support	39.0%	52.6%	42.3%
	% staff recruitment	39.0%	63.2%	44.9%
	% regulatory TA	35.6%	68.4%	43.6%

### Comparison of Providers Serving and Not Currently Serving Children Ages Zero to Three

The table below presents responses related to the challenges faced by providers who serve 0 to 3-year old children, and the perceived challenges of providers who do not serve children 0 to 3-years old; the table also presents these providers plans for future expansion at different age groups.

	Providers Serving Infants/Toddlers	Providers NOT Serving Infants and Toddlers
<b><i>Challenges Serving Infants &amp; Toddlers</i></b>		
Maintaining 0 to 1 enrollment	25.5%	-
Maintaining 1 to 3 enrollment	21.9%	-
Maintaining enrollment	-	42.3%
Hiring quality staff	74.4%	51.3%
Retaining quality staff	66.5%	48.7%
Curriculum development	16.7%	38.5%
Materials	49.8%	43.6%
Meeting regulations	21.1%	56.4%
<b><i>Future Plans for Serving Infants &amp; Toddlers</i></b>		
Expand 0 to 1-year olds	36.2%	11.5%
Expand 1 to 2-year olds	45.6%	16.7%
Expand 2 to 3-year olds	66.9%	46.2%
No expansion	15.8%	42.3%
Total Respondents	329	78

## Appendix B: Estimating Infant and Toddler Capacity Among Licensed Providers

Infant and toddler capacity estimates relied on PUMA-level survey responses to understand, within each PUMA, what proportion of center and home-based providers served infants and toddlers, and among providers that reported serving infants and toddlers, what share of the program’s enrollment was filled with infants and toddlers. In PUMAs where fewer than five survey responses were available, citywide estimates were used. Tables B1 and B2, below, show the capacity estimates for center and home-based providers in each PUMA.

**Table B1: Infant and Toddler Capacity Estimate for Center-based Providers, by PUMA**

PUMA	Provider Survey, 2018			OCDEL, 2018		Estimated I&T Capacity
	Surveyed Sites	Estimated Share Serving I&T	Estimated I&T Enrollment as Share of Total Enrollment	Total Licensed Sites	Total Licensed Capacity	
Center City PUMA	27	87%	51%	68	6,360	2,826
Central PUMA	28	88%	41%	99	6,622	2,399
East PUMA	25	64%	32%	81	7,441	1,546
Far Northeast PUMA	13	74%	41%	46	3,815	1,164
Near Northeast-East PUMA	18	90%	34%	84	5,185	1,565
Near Northeast-West PUMA	20	85%	42%	76	4,962	1,792
North PUMA	33	68%	40%	147	9,800	2,689
Northwest PUMA	25	61%	35%	107	7,774	1,630
Southeast PUMA	17	45%	40%	63	3,678	653
Southwest PUMA	26	75%	34%	133	8,392	2,120
West PUMA	19	87%	41%	109	7,257	2,582

**Table B2: Infant and Toddler Capacity Estimate for Home-based Providers, by PUMA**

PUMA	Provider Survey, 2018			OCDEL, 2018		Estimated I&T Capacity
	Surveyed Sites	Estimated Share Serving I&T*	Estimated I&T Enrollment as Share of Total Enrollment*	Total Licensed Sites	Total Licensed Capacity	
Center City PUMA	3	85%	45%	8	65	25
Central PUMA	9	85%	50%	52	368	157
East PUMA	11	81%	49%	41	271	106
Far Northeast PUMA	1	85%	45%	13	96	37
Near Northeast-East PUMA	13	82%	29%	58	428	102
Near Northeast-West PUMA	10	100%	34%	51	343	117
North PUMA	28	82%	44%	134	999	360
Northwest PUMA	8	74%	41%	39	292	90
Southeast PUMA	9	81%	58%	52	409	195
Southwest PUMA	22	89%	48%	114	878	379
West PUMA	19	90%	51%	96	689	316

**Note:** “Home-based” providers refer to family- and group-home childcare providers. In Center city and Far Northeast PUMAs citywide estimates were used due to low survey response rates.



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