Changes in the Supply of and Demand for Childcare in Philadelphia, 2025

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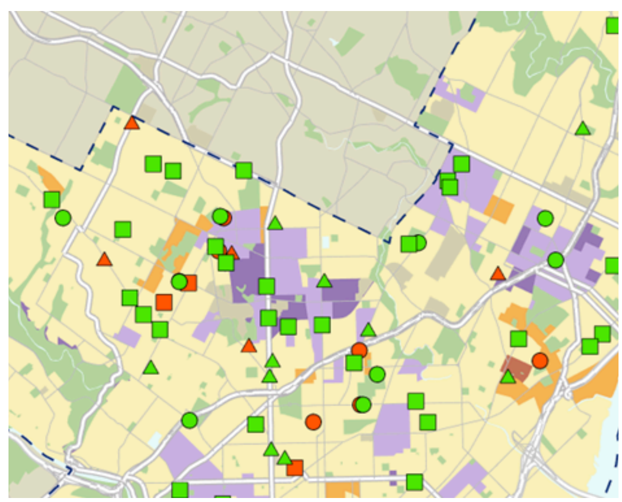

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Estimating Changes in the Supply of and Demand for Childcare in Philadelphia

Introduction

Since 2014, Reinvestment Fund has been supported by the William Penn Foundation to study the supply of and demand for childcare in Philadelphia. The estimates presented in this report represent a descriptive and spatial snapshot of the childcare industry in the first quarter of 2025.[1] All of the data described here are also available on Reinvestment Fund's Childcare Map (www.childcaremap.org), an interactive online tool that showcases the results of this analysis and is accessible to the public at no cost. The website identifies neighborhoods where high-quality childcare is scarce in absolute and relative terms, while also providing actionable information for funders, practitioners, and childcare advocates.

In addition to tracking changes in the city's childcare market, Reinvestment Fund has worked to support access to high-quality care through various efforts, including the Fund for Quality (FFQ), a partnership between Reinvestment Fund and Public Health Management Corporation (PHMC). With funding from the William Penn Foundation and the Vanguard Strong Start for Kids Program, FFQ provides business planning and facilities-related financing to help high-quality operators expand their programs to reach more low-income families.

This year's report shows the childcare landscape in Philadelphia stabilizing after several challenging years. In contrast to the previous three years, we measured an overall increase in childcare capacity across Philadelphia. Demand for care, which had also declined, increased considerably over the last year, with more young children living in the city and estimated commuter demand also contributing to growth. Continuing a positive trend in recent years, the city's high-quality childcare sector continued to growth. Philadelphia added over 1,200 new high-quality seats and we estimate that the city's high-quality sector had enough capacity for 49% of children.

With the future of federal resources for early childhood education uncertain, robust local support for activities that bolster high-quality early learning is more important than ever.

2025 Key Findings

- **In the aggregate, supply continued to align with demand.** We estimate that the city's total licensed capacity for care (supply) nearly matches the number of children under five (demand); there is enough capacity to serve 99% of children. The number of seats and number of children both increased, with growth in demand slightly outpacing growth in supply, resulting in a bigger gap between supply and demand. Overall, this year's analysis paints a picture of relatively large and stable array of care options for Philadelphia families.

[1] In particular, data on the capacity of OCDEL licensed programs represents capacity on May 13, 2025. Data on enrollment in School District of Philadelphia associated programs and private schools reflect enrollments during the 2025-2026 school year. Additional supply data are collected on a rolling basis, but reflect information collected prior to July 2025.

- **The city's high-quality sector continued to expand.** Philadelphia added nearly 1,200 high-quality seats between 2024 and 2025. This growth was slower than the previous year, although in line with historic averages. Today, half of all seats are in high-quality programs, the highest mark on record. Much of the increase in high-quality capacity can be attributed to existing childcare programs that improved their ratings, with a smaller share coming from new businesses or existing programs that expanded.

- **While most of the city experienced an increase in high-quality care, Hispanic communities experienced a small decline.** Areas of the city where over half of the population was Hispanic experienced an aggregate loss of 88 high-quality seats between 2024 and 2025. Areas where a majority of the population was Black, White, or Asian experienced growth in high-quality seats.

- **In 2025, the locations of large relative shortages in high-quality childcare were similar to previous years.** Olney and South Philadelphia remain underserved by high-quality care, even while they have seen improvements. Areas in the Lower Northeast, around Oxford Circle and Mayfair, saw meaningful improvements, with fewer areas classified as having large shortages of high-quality care in 2025.

This work was supported by a grant from the William Penn Foundation. The opinions expressed in this report are those of the authors and do not necessarily reflect the views of The William Penn Foundation.

Estimating the Supply of Childcare

For the first time in three years, Philadelphia saw an overall increase in childcare capacity.[2] The supply of high-quality seats—programs with a STAR 3 or STAR 4 rating and programs that participate in a Head Start or School District of Philadelphia-sponsored program—increased by about the same number. As a result, the proportion of care in high-quality programs increased slightly. Table 1 summarizes changes over time in the number and share of certified and high-quality seats across the city.

Table 1: Estimated Supply of Total Childcare

	2025 Childcare Analysis		Change from 2024		Change from 2014	
	Total Seats	Share of Total Seats	Total Seats	Share Seats (Percentage Points)	Total Seats	Share Seats (Percentage Points)
Certified	83,723	94%	-81	-1%	+10,719	+13%
High-Quality	44,337	50%	+1,204	+1%	+21,593	+24%
STARS 1-2	39,386	44%	-1,285	-2%	-10,874	-12%
Not Certified	5,709	6%	+1,245	+1%	-11,559	-13%
Total Seats	89,432	100%	+1,164		-840	

There was an estimated supply of 89,432 childcare seats in 2025, a 1,164 increase since 2024,[3] but a decline of 840 since 2014. This year, certified operators provided approximately 94% of the city's supply, an increase of 13 percentage points or 10,719 seats since 2014. Compared with 2014, both the number and proportion of high-quality seats have increased substantially. Since 2014, number of high-quality seats grew by 21,593, or 95%. High-quality seats comprised 50% of all seats in 2025, nearly double their 2014 share.

A primary goal for the childcare analysis is to help the FFQ program and other stakeholders make data-driven decisions about where to expand access to high-quality childcare in Philadelphia. The following sections describe changes in high-quality capacity since last year (2024) and since the first year that we began tracking childcare supply in Philadelphia (2014).

[2] Our analysis of supply relies on licensed capacity reported by the Office of Child Development and Early Learning (OCDEL) to measure the supply of high-quality seats. One limitation of these data is that in some cases, licensed capacity may be larger than the actual operating capacity of an individual program. For example, a childcare site might have enough square footage to serve 100 children, but choose to only serve 60 children. In this case, the site's licensed capacity would be measured as 100, while the effective operating capacity is only 60.

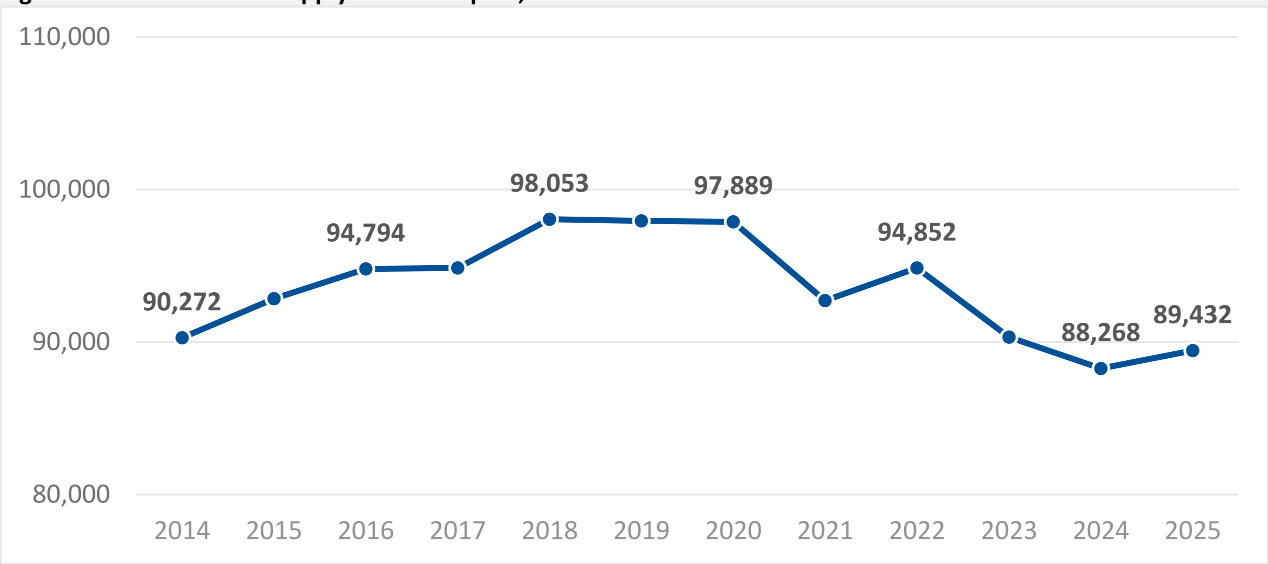
[3] Please see initial methodology report at https://www.reinvestment.com/childcaremap/pdfs/full.pdf for more detailed information on sources for supply data and estimating supply.

Tracking Recovery Since the Onset of the COVID-19 Pandemic

The onset of the COVID-19 pandemic in March 2020 had a profound impact on the childcare industry in Philadelphia. Our 2020 analysis of childcare supply and demand was released just before the onset of program closures and health and safety lockdowns. Since then, supply has seesawed, declining in 2021, rising in 2022, and falling again in 2023 and 2024.

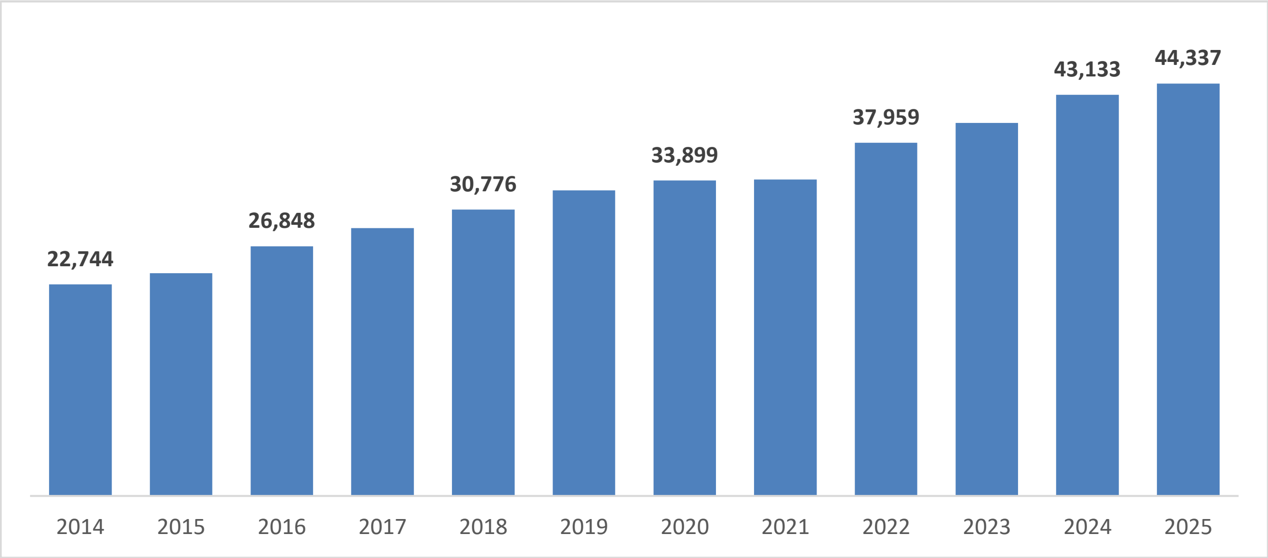
This year's analysis finds the city's total childcare capacity growing once more. Total capacity grew from just over 88,000 in 2024 to over 89,000 in 2025, erasing nearly half of last year's losses. Despite these modest gains, Philadelphia's childcare capacity is still below its 2018 peak.

Figure 1: Total Childcare Supply in Philadelphia, 2014 – 2025



In addition to overall gains in capacity, the city's supply of high-quality seats has continued to grow. Over the past several years, the city has made large strides in growing the high-quality sector. Between 2023 and 2024, for example, the city added over 3,000 new high-quality seats. This year's increase is meaningful, albeit smaller than previous years.

Figure 2: High-Quality Supply in Philadelphia, 2014-2024



High-Quality Supply in Philadelphia

Philadelphia has made impressive progress in expanding access to high-quality childcare. Increases in high-quality childcare supply are achieved in one of three ways: new high-quality programs that open, existing high-quality programs that expand their capacity, and existing providers that improve their programs to achieve high-quality status. This section breaks down the three sources of high-quality childcare growth over the last 12 months and since 2014.

Changes in High-Quality Supply Since 2024

The growth in high-quality childcare between 2024 and 2025 was driven primarily by existing childcare providers that improved their quality ratings. Over the last year, this pathway contributed 2,696 new high-quality seats. Existing high-quality programs that expanded added 389 seats and new start-up programs classified as high-quality in their first year of operation added 749 new seats. Some of these gains were offset by losses. Over the past 12 months, 20 high-quality programs closed, eliminating 866 seats, and 16 programs lost their high-quality designation, reducing supply by 1,475. (See Table 2).

It is important to note that because of how STARs ratings are assigned, it is difficult for new home and center-based programs to achieve a high-quality rating (three or four STARs) in their first year of operation. Some newly opened home and center-based programs may have all the qualifications necessary to be classified as high-quality but have not yet achieved the rating.

Table 2: Change in High-Quality Sites, 2024 to 2025

	Change in # of Sites 2024 to 2025	**Net Capacity Change 2024 to 2025***
Positive Change	**87**	
Site STAR ***Rating Increased*** to High-Quality	51	+2,696
High-Quality Site ***Increased Capacity***	24	+389
Newly ***Opened*** High-Quality Site	12	+749
Negative Change	**45**	
Site STAR ***Rating Decreased***	16	-1,475
High-Quality Site ***Reduced Capacity***	9	-289
Closed High-Quality Site	20	-866
No Change in Rating or Capacity	***487***	
Total Net Change		+1,204

*Capacity represents 2025 capacity with the exceptions of Closed High-Quality Sites. Capacity for this subgroup is 2024 capacity.

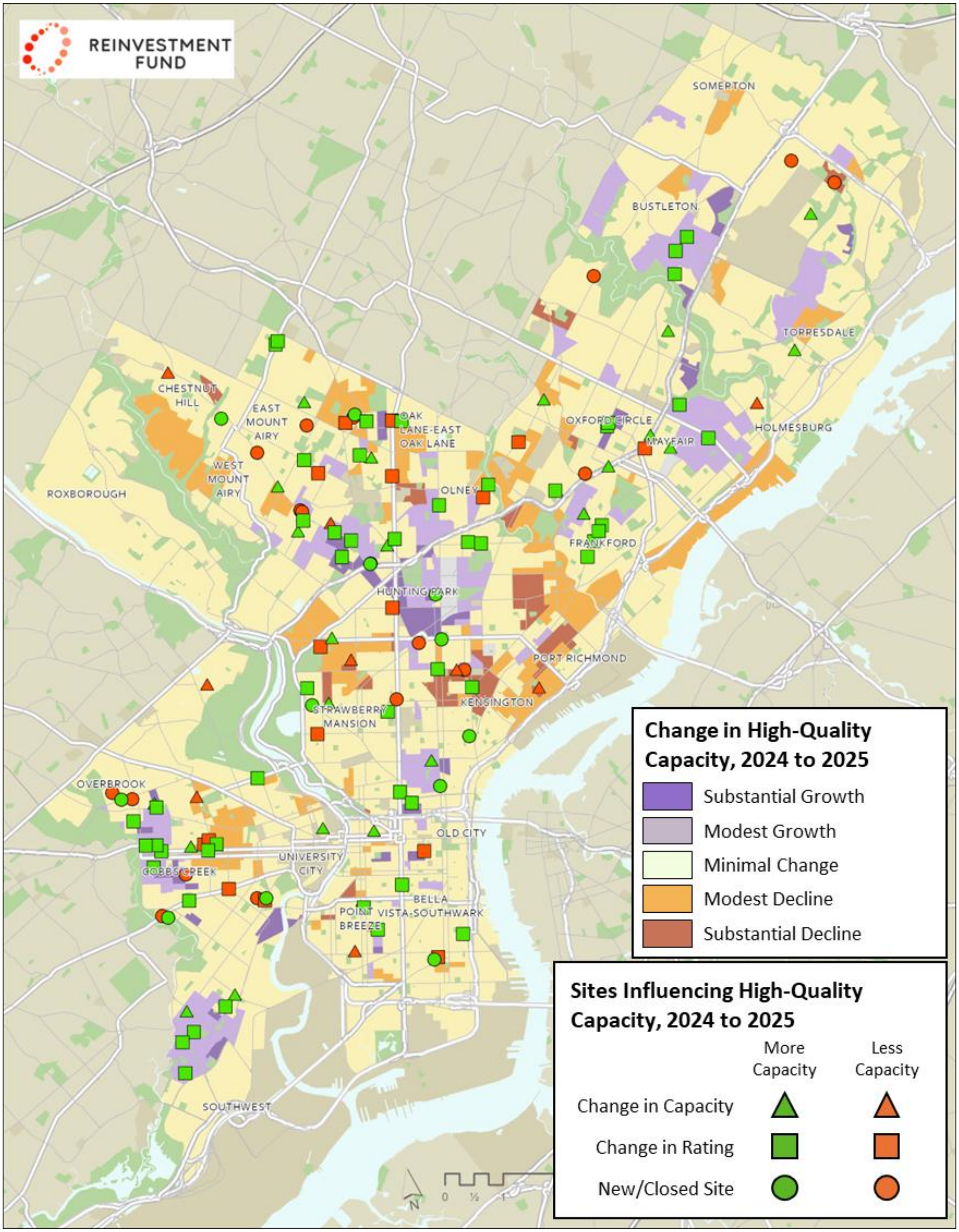
Most the city's high-quality seats are in areas where over 50% of the population is Black. Areas that were predominately White or where there was no predominate racial or ethnic group had slightly larger growth in high-quality seats, percentagewise, than majority Black areas, though the latter had slightly more growth by volume (adding 550 new high-quality seats). Predominantly Hispanic areas, like Fairhill, Kensington, and surrounding neighborhoods, were the only parts of the city that experienced a collective decline in high-quality capacity, losing 2% between 2024 and 2025 (88 seats). (See Table 3).

Table 3: Change in High-Quality Supply by Resident Demographics, 2024 to 2025

	High-Quality Supply, 2025	High-Quality Supply, 2024	Change (% Change)
Areas Over 50% White	8,954	8,613	+341 (+4%)
Areas Over 50% Black	20,806	20,253	+553 (+3%)
Areas Over 50% Hispanic	3,931	4,019	-88 (-2%)
Areas Over 50% Asian	1,399	1,342	+57 (+4%)
All Other Areas	9,247	8,906	+341 (+4%)
Total	**44,337**	**43,133**	**+1,204 (3%)**

Figure 3 illustrates where the changes in high-quality capacity were concentrated over the last year. The largest increases were in Southwest Philadelphia, Cobbs Creek, Hunting Park, and Mayfair. Areas near Kensington, Port Richmond, and Strawberry Mansion experienced the largest declines. Oak Lane and nearby neighborhoods saw a mix of growth and decline.

Figure 3: Change in High-Quality Sites and High-Quality Supply, 2024 to 2025



Changes in High-Quality Supply Since 2014

This section documents the longer-term changes in high-quality supply and demand since Reinvestment Fund first developed this analysis.

In contrast to the one-year trend, the largest driver in the growth of high-quality seats between 2014 and 2025 were new programs that opened after 2014 and eventually achieved a high-quality rating.[4] These 271 programs contributed nearly 17,000 high-quality seats to the city's supply. Some of these "newly opened" sites achieved their high-quality designation within a few years of opening, while others took more time. The next largest contributor were programs that were operating in 2014 but were not classified as high-quality at the time (164 programs with a total of just under 11,500 seats). Over the same period, 132 high-quality programs closed, reducing the supply by nearly 7,000 seats. (See Table 4).

Table 4: Change in High-Quality Sites, 2014-2025

	Change in # of Sites 2014 to 2025	Net Capacity Change 2014 to 2025*
Positive Change	**481**	
Site STAR ***Rating Increased*** to High-Quality	164	+11,465
High-Quality Site ***Increased Capacity***	46	+1,642
Newly ***Opened*** High-Quality Site	271	+16,925
Negative Change	**178**	
Site STAR ***Rating Decreased***	9	-425
High-Quality Site ***Reduced Capacity***	37	-954
Closed High-Quality Site	132	-7,060
No Change in Rating or Capacity	*65*	
Total Net Change		+21,593

*Capacity represents 2025 capacity with the exceptions of Closed High-Quality Sites. Capacity for this subgroup is 2014 capacity.

Figures 4 and 5 illustrate the spatial distribution of the change pathways summarized in Table 4. On each map, areas with the largest gains in high-quality childcare are dark purple, while areas with losses are orange and brown. Figure 4 shows providers that changed their rating, while Figure 5 shows providers with changes in capacity. Areas in the city where the supply of high-quality seats substantially increased since 2014 include West Oak Lane, Lawncrest, Feltonville, Germantown, and Cobbs Creek. Girard Estates experienced the largest decline in high-quality capacity since 2014. Areas near Strawberry Mansion experienced modest declines as well.

[4] Some sites that increased their rating may have done so as a result of changes to the Keystone STARS rating system implemented in 2018, rather than substantive programmatic changes, see "Understanding How Changes to Keystone STARS Ratings Will Affect Gaps in the Supply of High-Quality Child Care" (https://goo.gl/hSb2nX).

Figure 4: ***Changes in Status*** **of High-Quality Centers & Changes in Block Group-Level Supply Estimates for High-Quality Childcare (2014 to 2025)**

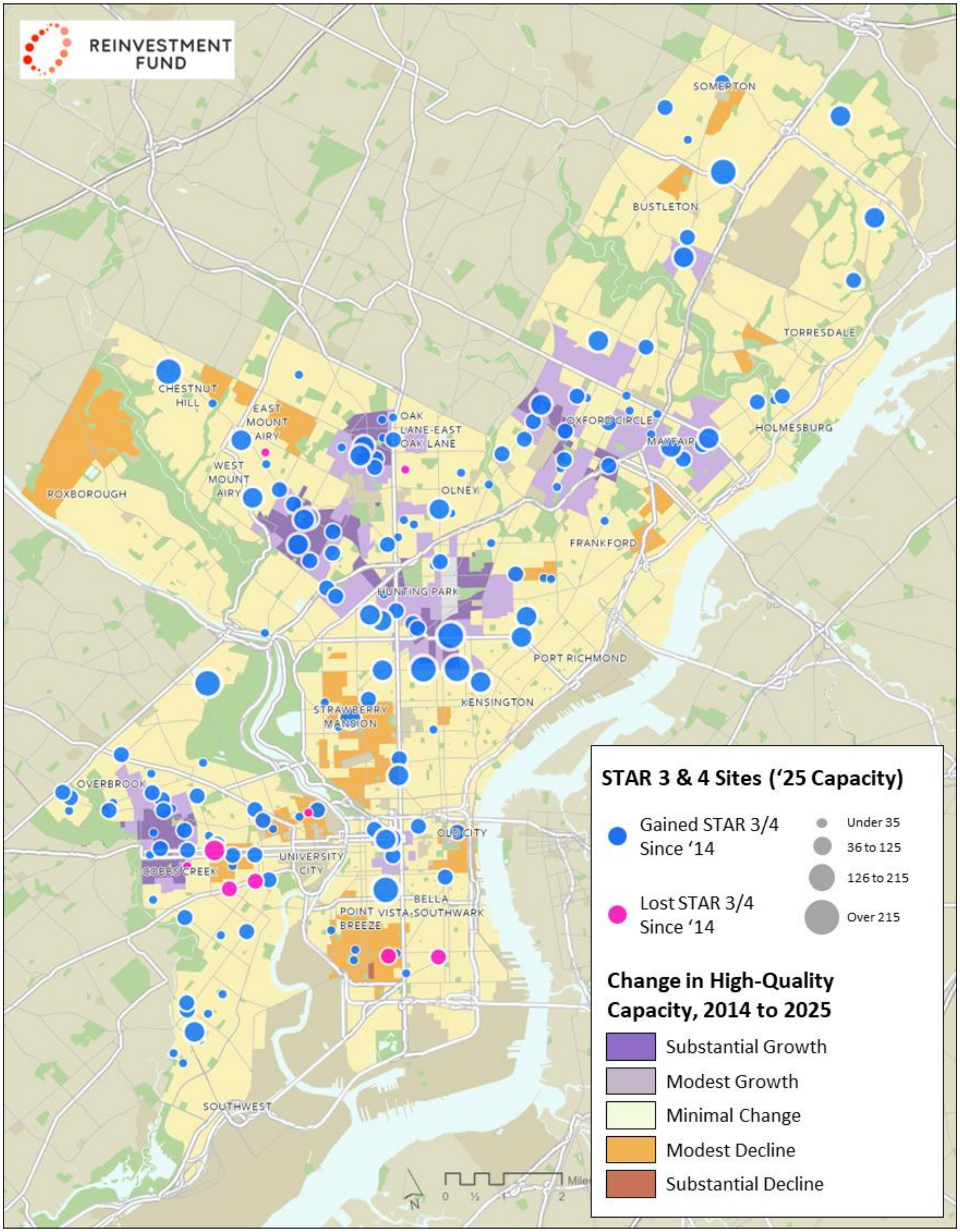


Figure 4:

- Only sites for which there was a change in rating status are reflected on this map.
- Purple areas represent increases in high-quality supply; brown represents declines in high-quality supply.
- Blue circles represent childcare sites that increased their rating to high-quality status since 2014.
- Pink circles represent childcare sites that lost their high-quality status since 2014.
- The size of the circles represents the 2025 capacity of the facility.

Figure 5: ***Changes in Capacity*** **at High-Quality Centers & Changes in Block Group-Level Supply Estimates for High-Quality Childcare (2014 to 2025)**

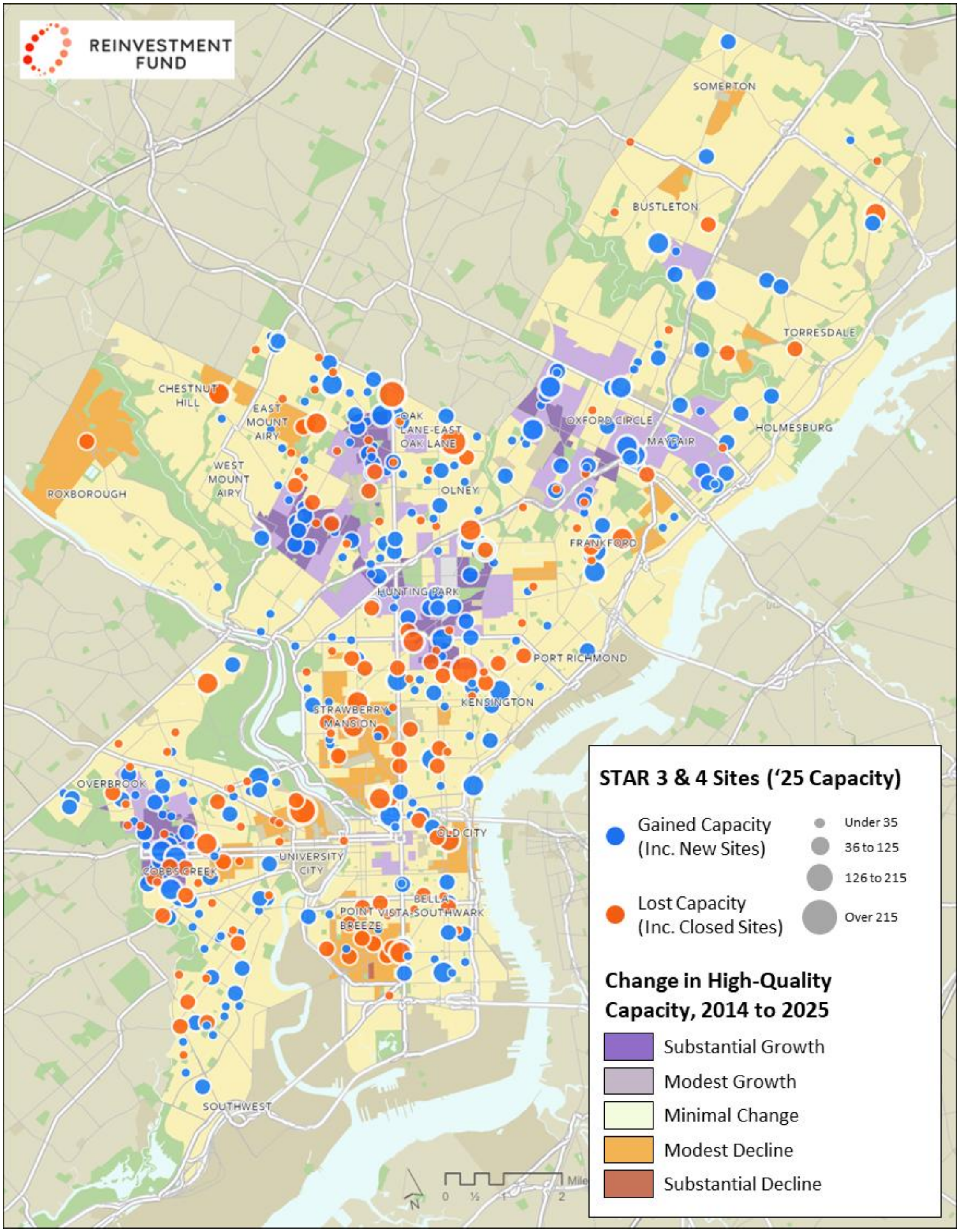


Figure 5:

- Only sites for which there was a change in licensed capacity are reflected on this map.
- Purple represents increases in high-quality supply; brown represents declines in high-quality supply.
- Blue circles represent high-quality childcare sites that grew or started after 2014.
- Red circles represent high-quality childcare sites that reduced capacity or closed since 2014.
- The size of the circles represents the 2025 capacity of the facility (closed centers reflect 2014 capacity).

Demand for Childcare

When it comes to understanding the childcare marketplace, supply is only half of the equation. To understand the demand for childcare, our analysis estimates the number of potential childcare customers in every part of the city. Our analysis accounts for parents who live in the city and commuters who live outside of Philadelphia but look for care in the city.

In 2025, there was an estimated population of 88,254 children under five living in Philadelphia, a large increase since 2024. In addition to children that live in the city, our analysis also accounted for families that l travel into Philadelphia for work, as well as families living in Philadelphia who leave for work. As in previous years, these commuting adjustments include a discount factor that adjusts for parents working in sectors with options for remote and hybrid work. Although parents who work from home multiple days per week are likely to still need childcare, they are less likely to look for care near their employer.

After accounting for commuting behavior, our estimates show that, like supply, demand for care has grown meaningfully since last year. Combining the population estimates, commuting adjustments, and discounts for hybrid work yields a *maximum potential demand* of 90,488 in Philadelphia. While this figure is a 6% increase from 2024, it is still lower than the demand we estimated in 2014. Most of the long-term decline is attributable to the falling population of young children in Philadelphia, but our estimates also suggest that fewer parents commute into the city with children.

Identifying High Need Areas

The geographic distribution of supply shortages can guide programmatic and capital investment activity to address areas of concern. In this report, two shortage measures are calculated: *absolute* and *relative shortage*.

The *absolute shortage* is the raw difference between supply and maximum potential demand within a given block group. The *relative shortage* is an adjusted figure that accounts for supply and demand in neighboring block groups and the level of supply the market provides on average across the city to identify block groups where observed shortages between supply and demand are *a)* greater than average; *b)* less than average, or *c)* close to average.[5]

As observed in previous reports, the geographic distributions of *absolute* and *relative shortages* are different for the three different types of supply – total, certified, and high-quality.

Absolute Shortage in Total and High-Quality Supply

As was true last year, overall supply is well matched to overall demand in Philadelphia. In 2025, we estimate there was an overall shortage of 1,057 seats, meaning there are currently enough seats in the city to meet 99% of maximum possible demand.

The city also made strides closing gaps in access to high-quality care. In 2025 we estimate that half (50%) of all seats were in high-quality programs and that the capacity in high-quality programs was sufficient to serve nearly half (49%) of children. This represents an absolute shortage of 46,151 high-quality seats. The high-quality shortage is slightly larger than that measured in 2024, due to the growth in demand outpacing the growth in supply.

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[5] Please see initial methodology report at https://www.reinvestment.com/child caremap/pdfs/full.pdf for more detailed information on sources for the difference between the two types of gap measures.

Table 5. Commuter Adjusted Demand Met by Observed Supply

	2025	2024	2014
Absolute Shortage in Total Childcare Seats	1,057	-3,104 (surplus)	17,548
Absolute Shortage in High-Quality Seats	46,151	42,031	85,076
Percentage of Maximum Potential Demand Met by All Seats (Supply)	99%	104%	84%
Percentage of Maximum Potential Demand Unmet by All Seats (Shortage)	1%	-4%	16%
Percentage of Maximum Potential Demand Met by High-Quality Seats (Supply)	49%	51%	21%
Percentage of Maximum Potential Demand Unmet by High-Quality Seats (Shortage)	51%	49%	79%

Relative Shortage in Total Childcare Supply

Overall, our estimates show that the city had enough childcare capacity for nearly every child. However, the supply of care was not evenly distributed across the city. The Relative Shortage in Total Childcare Supply map (Figure A2) on the follow page identifies areas where demand and supply are misaligned.

Areas colored in dark orange ("Much Larger than Average Shortage") are block groups with the largest shortages of capacity. On average, these block groups had only enough supply for 33% of children who lived within a half mile. Areas in light orange ("Larger than Average Shortage") had enough supply for 68% of children within a half mile.

Areas with the most severe *relative shortages* in *total* childcare seats in 2025 were concentrated in Northeast Philadelphia, Port Richmond, and Manayunk (see Figure A2).

Relative Shortage in Certified Supply

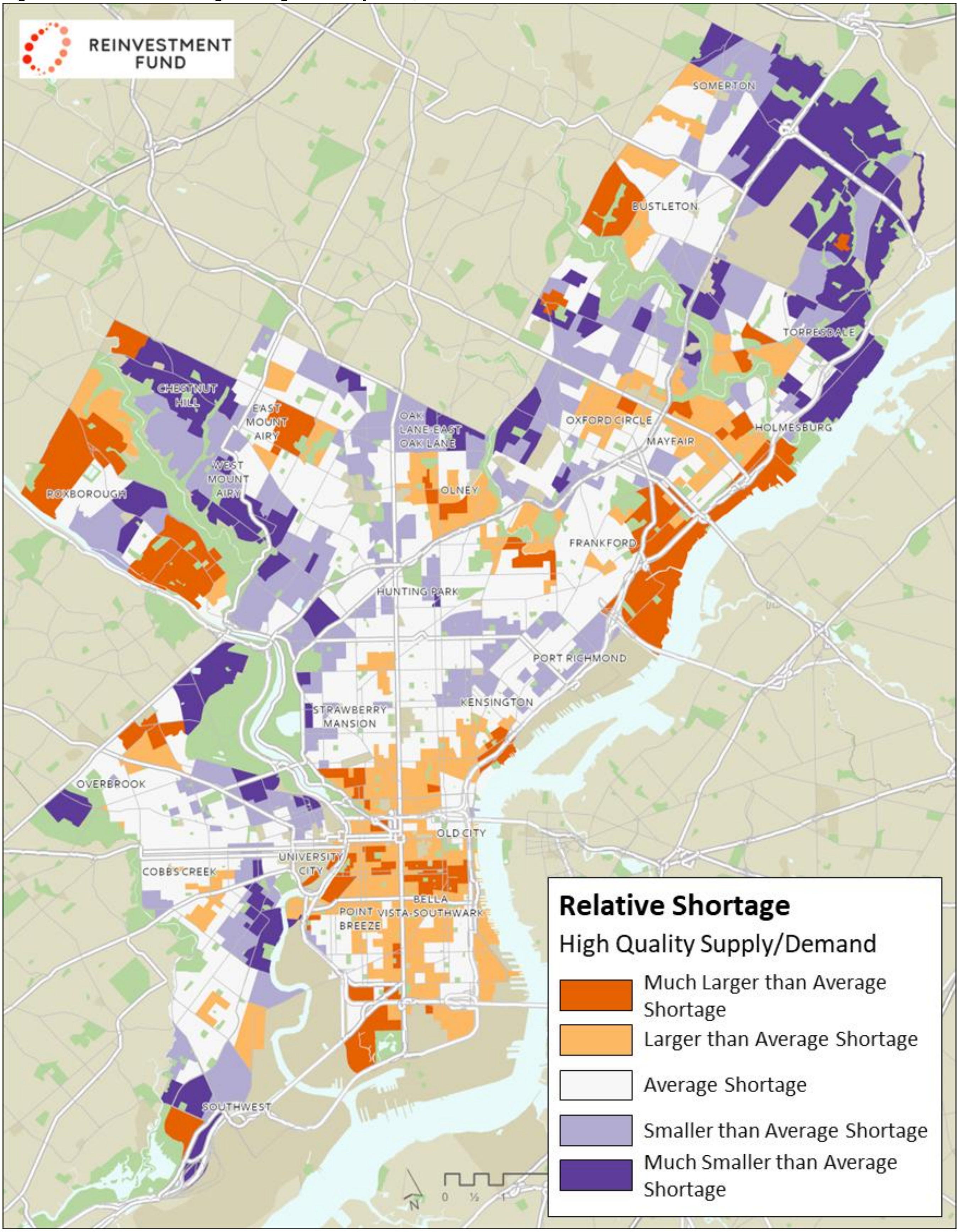
In several cases, areas with the most severe *relative shortages* in *certified* seats in 2025 were quite different than those with total shortages. Relative shortages of certified seats were concentrated in West Philadelphia, Germantown/East Falls, Olney, and Point Breeze (see Figure A3).

Relative Shortage in High-Quality Supply

Areas with the most severe *relative shortages* in *high-quality seats* in 2025 were in Center City and South Philadelphia, Roxborough and Manayunk, East Mont Airy, Frankford, Fairmount, and Fishtown (see Figure A4).

In 2025, areas shaded in dark orange ("Much Larger than Average Shortage") had only enough high-quality capacity for 10% of children within a half mile. Areas shaded in light orange ("Larger than Average Shortage") had enough high-quality capacity for 34% of children.

Figure 6: Relative Shortage of High-Quality Care, 2025



Summary

For more than a decade ECE stakeholders in Philadelphia have collaborated to increase the share of children and families who have access to care, with an emphasis on high-quality programming. This year's annual report shows the continued growth of high-quality options, and a high share of families with access to ECE.

For many years, an increasing number of ECE seats drove childcare trends. However, since the pandemic, fluctuations in the population of young children, which have occurred in many major cities, have also affected the relationship between supply and demand. After a decline last year, the number children under five in Philadelphia rose this year increasing the overall demand for care. While there is still yearly churn among childcare businesses, this year's numbers show a promising continuation of the expansion and resilience of high-quality programs. Philadelphia added nearly 1,200 new high-quality seats over the last twelve months and continued to expand the reach of these programs into historically underserved communities across the city.

The continued growth of high-quality programs is the result of intentional efforts from a broad spectrum of public and private stakeholders. On the public side, efforts by the City of Philadelphia have helped address the affordability of high-quality pre-k through the city's PHLpreK program and the School District of Philadelphia has worked to expand its provision of high-quality pre-k through school and community based providers. Alongside these public programs, efforts such as the Fund for Quality and other philanthropic-led initiatives have provided targeted supports that clear the way for high-quality providers to expand their programs and reach more families.

Although in the aggregate, the trends observed in this year's analysis are largely positive, families living in pockets of the city remain underserved. Communities in South and Northeast Philadelphia lack enough care to serve local families and neighborhoods across North Philadelphia, South Philadelphia, and the riverwards continue to lack a sufficient supply of high-quality programs.

The robust support system that has been nurtured and developed in Philadelphia is critical to the city's continued progress in closing gaps in high-quality care. Leveraging and expanding these efforts should be the focus as stakeholders look to build on past success. Continued uncertainty in the federal policy environment make efforts to develop local solutions and support systems even more critical than before. As we look ahead to 2026, however, the city is well positioned to build on its past success and continue to work towards a day when every family has a high-quality childcare option to choose from.

Appendix A: Additional Maps and Tables

Figure A1: Certified and Uncertified Childcare Sites (2025)

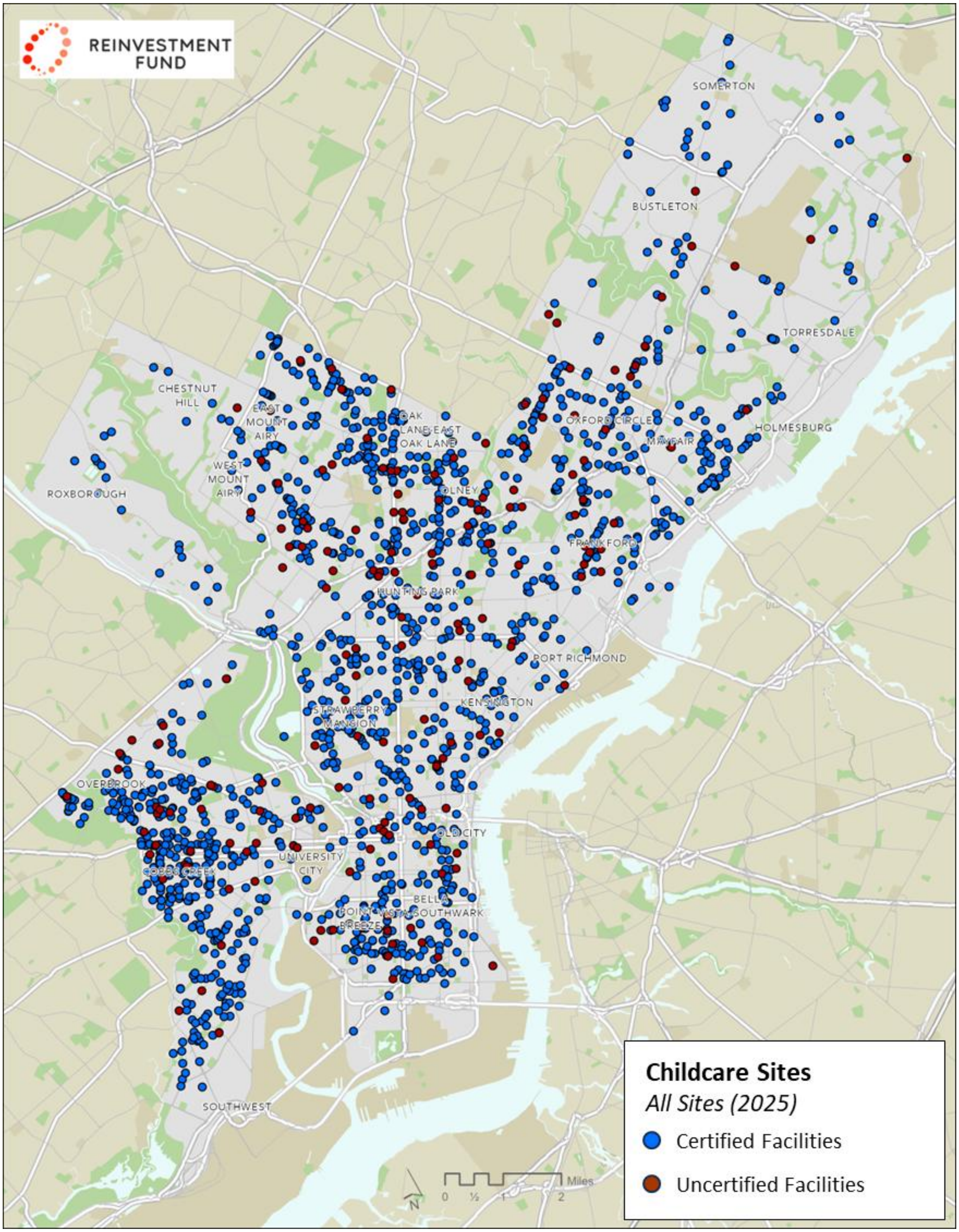


Figure A2: Relative Gap – Total Childcare Supply (2025)

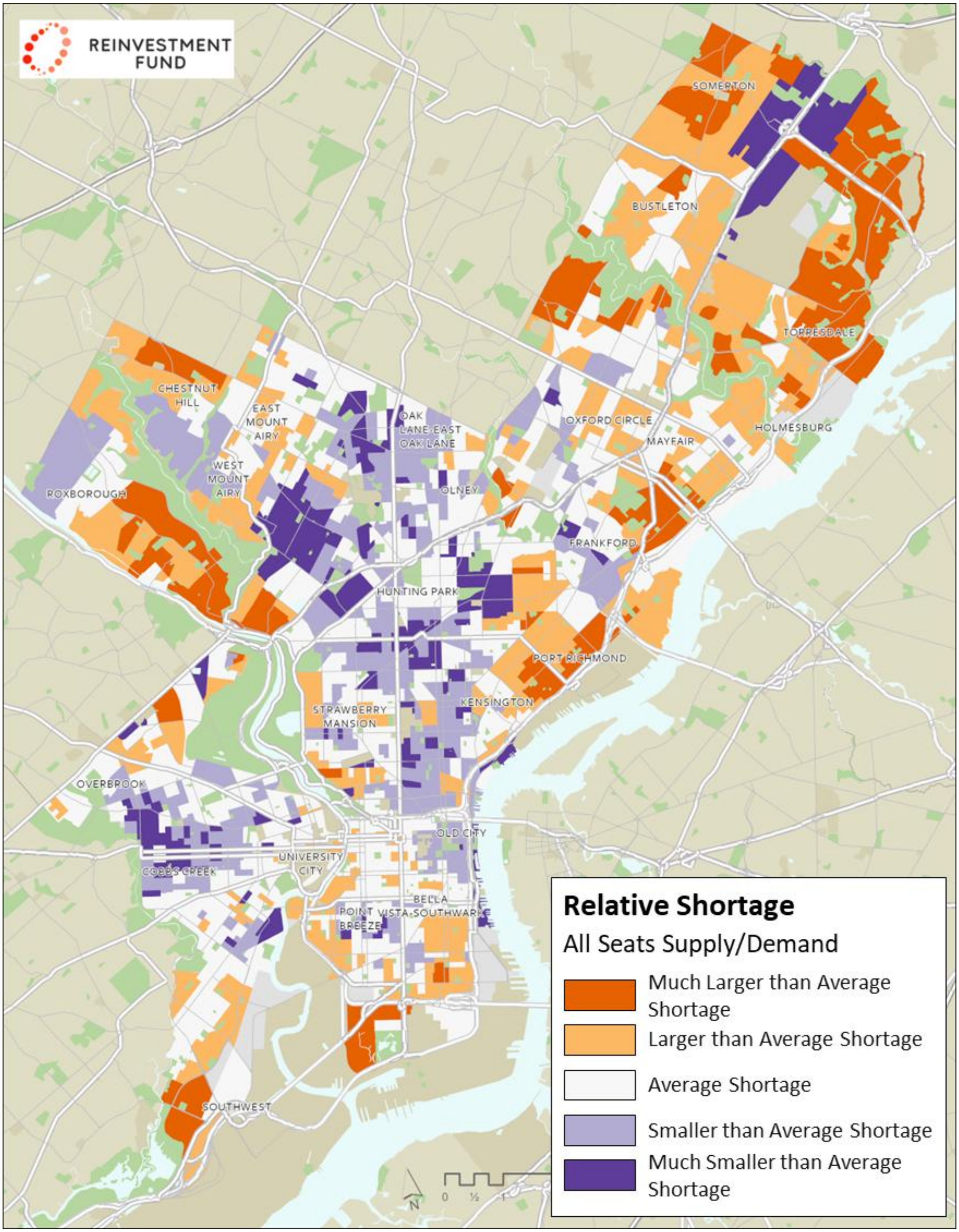


Figure A3: Relative Gap – Certified Childcare Supply (2025)

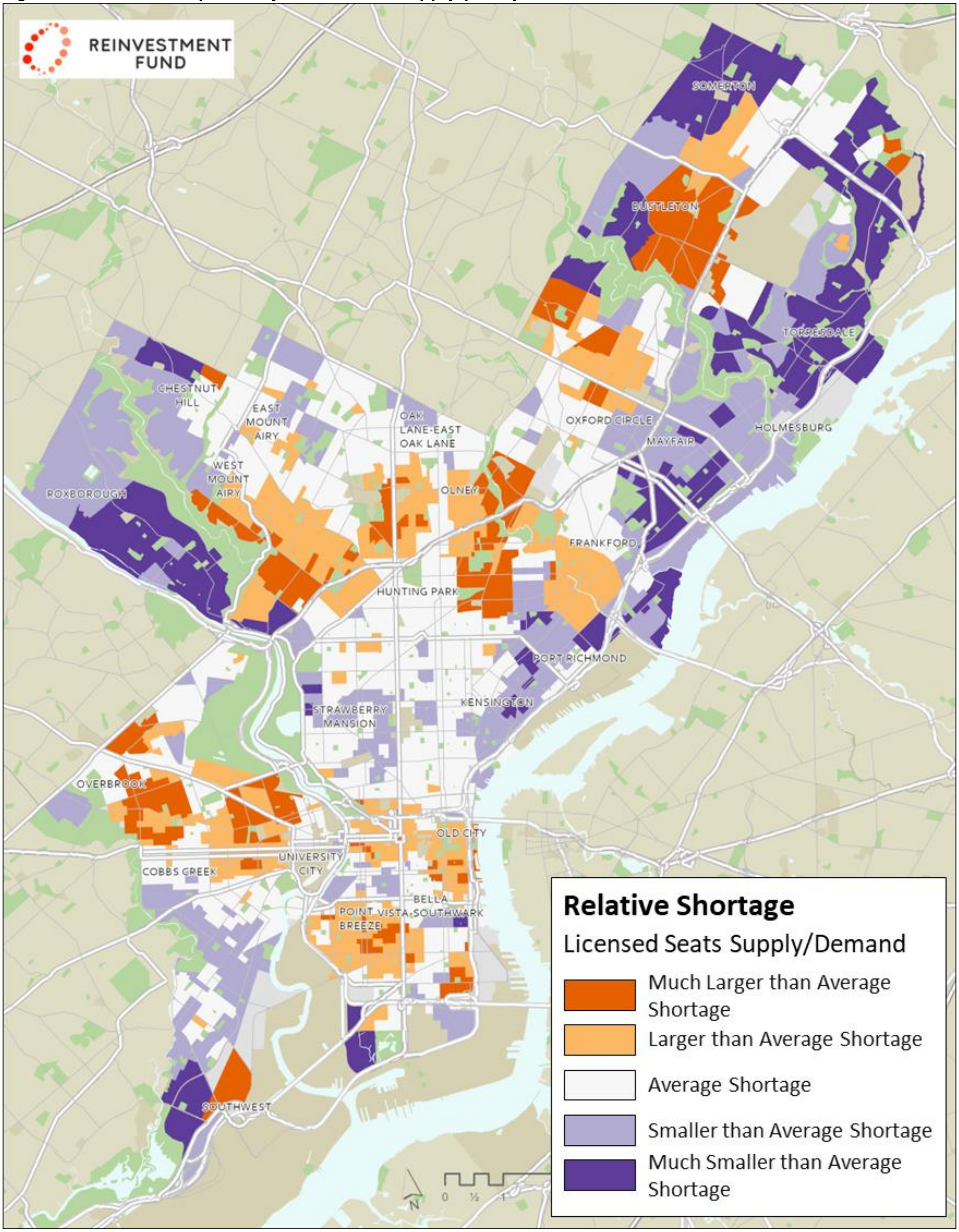
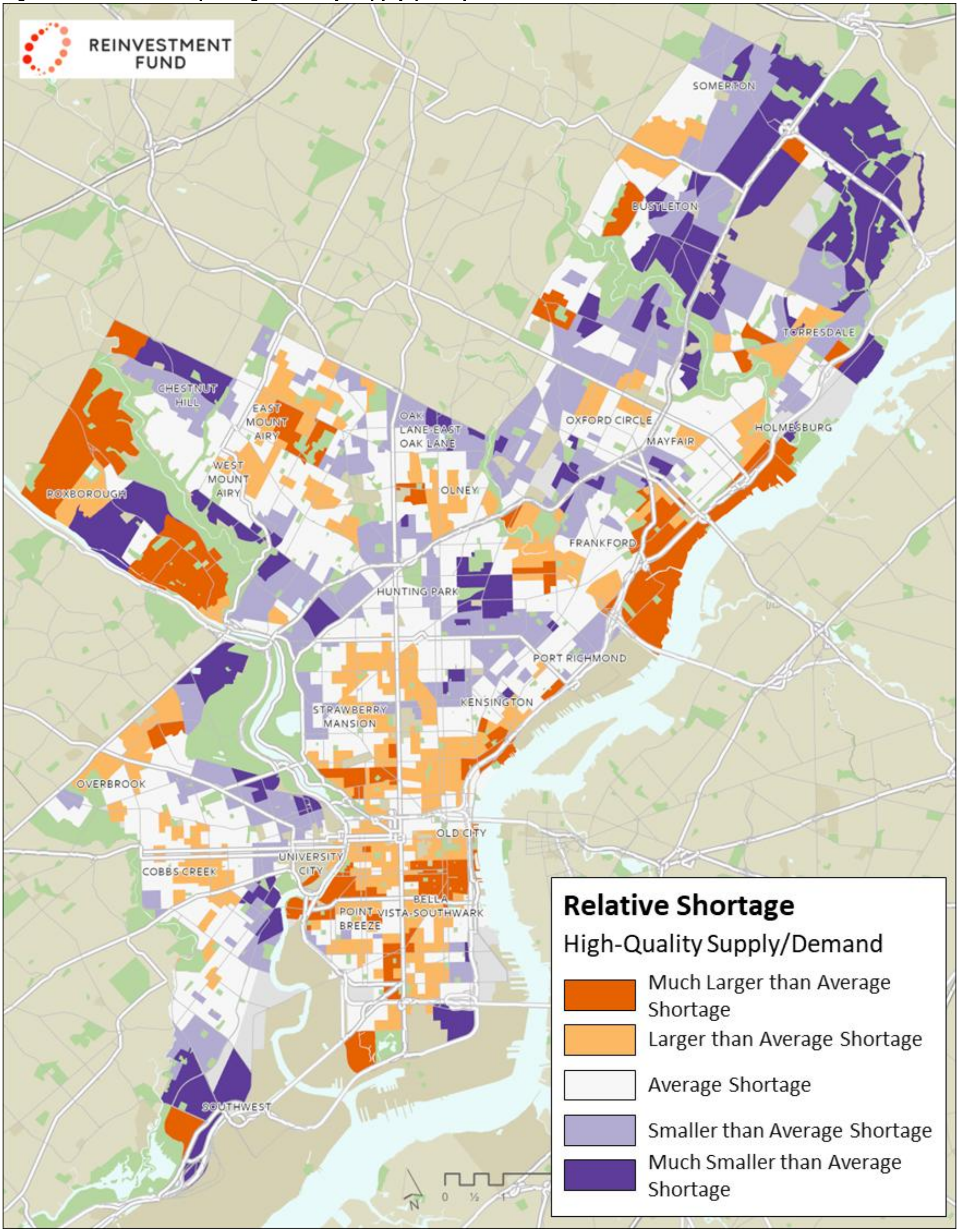


Figure A4: Relative Gap – High-Quality Supply (2025)



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