REINVESTMENT FUND

Early Childhood Education Transformed:

HOW PHILADELPHIA INCREASED ACCESS TO QUALITY CARE AND WEATHERED UNPRECEDENTED CHALLENGE

Emily Dowdall and Jacob Rosch

Authors
Emily Dowdall – Reinvestment Fund
Jacob Rosch – Reinvestment Fund

About Reinvestment Fund

Reinvestment Fund is a mission-driven financial institution committed to making communities work for all people. We bring financial and analytical tools to partnerships that work to ensure that everyone has access to essential opportunities: affordable places to live, access to nutritious food and health care, schools where their children can flourish, and strong, local businesses that support jobs. We use data to understand markets, communities, and impediments to opportunity—and how investment and policy decisions can have the most powerful impact. Since our inception in 1985, Reinvestment Fund has provided over $3.2 billion in financing to strengthen neighborhoods, scale social enterprises, and build resilient communities.

Reinvestment Fund's Policy Solutions team partners with civic leaders across the country to support strategic decision-making to strengthen communities. Our rigorous research and analytic tools help stakeholders implement effective interventions and address entrenched challenges.

Acknowledgements

This work was made possible by the Vanguard Strong Start for Kids Program™, and we thank them for their support. We also wish to acknowledge all of the individuals who generously contributed their time through interviews and advising.

Table of Contents

Early Childhood Education Transformed:
HOW PHILADELPHIA INCREASED ACCESS TO QUALITY CARE

INTRODUCTION

Early Childhood Education (ECE) is a critical resource for families and communities. On an individual level, access to high-quality early learning supports children's social, emotional, and academic development during the critical first years of life. ECE providers are also a critical piece of the economic infrastructure that supports parents' ability to enter and stay in the workforce. Yet, in too many communities, ECE is undersupplied, hard to access, and unaffordable for many of the families that need it most.

In Philadelphia, stakeholders from philanthropy, local government, advocacy and intermediary groups, and the provider community have been working together with great intentionality for more than a decade to strengthen the ECE sector. There are remarkable successes to celebrate; the number of high-quality[1] ECE seats in Philadelphia grew by 20,000 since 2013, when we began tracking supply, and the share of licensed seats in high quality providers nearly doubled, from 25% to 49%. The Fund for Quality (FFQ) program, funded by the William Penn Foundation and Vanguard's Strong Start for Kids created more than 3,600 new high-quality seats and has provided critical technical assistance to ECE providers. The City of Philadelphia launched PHLpreK, a free pre-K program funded by a sweetened beverage tax adopted in 2017. And new support and stakeholder entities have emerged, including the Early Childhood Provider Council, Voice of ECE, and the City of Philadelphia's Office of Children and Families (OCF).

1. Defined as those achieving a STAR 3 or STAR 4 rating through the Commonwealth's Quality Rating and Improvement System.

Fund for Quality (FFQ)

The Fund for Quality (FFQ) is a partnership between Reinvestment Fund and Public Health Management Corporation (PHMC), with funding from the William Penn Foundation and Vanguard Strong Start for Kids Program. Through the provision of business planning and facilities-related financing, FFQ assists high-quality early care and education providers with expanding their services to reach more low-income families. PHMC is a Philadelphia-based nonprofit public health organization. PHMC's Child Development and Family Services division provides intermediary services to numerous organizations.

At the same time, the sector has faced new and unprecedented challenges. The COVID-19 pandemic sparked a wave of program closures, some temporary and others permanent, and accelerated a long simmering staffing and wage crisis[2] that remains just as urgent today. And in Philadelphia the number of children under 5 has declined, leading to fewer ECE-age children and greater competition among providers[3].

This report uses Philadelphia as a case study to explore strategies that have effectively improved ECE quality, access, and sector strength. We highlight the FFQ program but also explore broader sector trends through structured interviews with ten system stakeholders from the public and nonprofit sectors, including funders, and six FFQ grantees. We present themes that emerged from those interviews related to three key vectors of change:

1. Increased Access to Data and Knowledge about the Sector
2. Growing Investment & Resources
3. Stakeholder Collaboration & Coordination

Throughout the report, FFQ serves as a detailed illustration of how specific intervention components contribute to larger goals and feed into the drivers of positive change. The report concludes with lessons for funders and funding intermediaries, including foundations and community development financial institutions (CDFIs), which play an important role in building and sustaining a resilient and accessible ECE ecosystem.

2. Children First, The High Cost of Working in Early Childhood Education, 2023: https://www.childrenfirstpa.org/wp-content/uploads/2023/03/PA_Child_Care_Wages_1-23.pdf
3. Changes in the Supply of and Demand for Childcare in Philadelphia, 2024 https://www.reinvestment.com/wp-content/uploads/2025/02/ReinvestmentFund_WPF_Phila_summary_2024.pdf

Increased Access to Data and Knowledge about the Sector

Unlike K-12 education, not every family uses ECE. Most ECE providers are privately run businesses affected by the dynamics of supply and demand. Ensuring that investments in new supply are successful requires an understanding of current needs in the market and where gaps in meeting those needs exist. In Philadelphia, public and private investments are now guided by a strong foundation of data on the local ECE sector. The creation of this data infrastructure was supported from the beginning by local philanthropic organizations that saw the need for more information about the sector.

In 2013, the William Penn Foundation (WPF) was interested in deepening its support for the ECE sector but wanted data to guide its efforts. At the time, information about the size of the sector and the needs of families was scarce. Elliot Weinbaum, then the director of the foundation's Great Learning program, described how little was known about the ECE market. "We didn't even know how many providers were in Philadelphia or their capacity," Weinbaum recalled, "We had no sense of the distribution or quality in the sector. People said there was not enough high-quality care, but no one had the numbers to back it up."

In order to fill this gap, WPF approached Reinvestment Fund (RF), a CDFI based in Philadelphia. RF has a long history of developing data and tools to guide the deployment of capital to support community needs. With support from WPF, RF saw an opportunity not only to create a report, but to build a data tool that could support strategic investments and greater collaboration in the sector. Over the course of 9 months in 2013, RF worked with a group of stakeholders to develop a novel approach to measuring childcare supply and demand and produced an analysis of market gaps that identified opportunities for investment.

"CHILDCARE IS A UNIQUE INDUSTRY," *explained Ira Goldstein, who led the development of Reinvestment Fund's childcare analysis. "There's no single list of every business that offers childcare. You have some programs that are licensed by the state, but you also have programs in public schools, private schools, and churches. There are federally funded programs as well as a substantial proportion of providers operating outside of the Commonwealth's licensing system. We realized very early on that we'd have to create our own database of programs by combining more than five different datasets. Our partners were essential in helping us assemble the data we needed to map every provider in the city."*

With the help of local stakeholders, Reinvestment Fund assembled and combined data from business listing services, state license records, public and private school enrollment reports, and federal datasets to map the location and capacity of every childcare provider in the city.

The group also worked together to develop a measure of demand for care. Reinvestment Fund's approach is designed to estimate the number of potential customers looking for care in different parts of the city. This analysis involves measuring both where children live, but also where their parents work, because some families prefer to seek care near their place of employment. And this is all done at the census block group level – areas that are smaller than a census tract and offer a fine-grained understanding of market gaps.

By combining data on supply and demand, the analysis measures the need for care in different parts of the city. This gap analysis reveals the overall mismatch between supply and demand, but also, more critically, the neighborhoods without sufficient ECE capacity. Also important is that Reinvestment Fund looked specifically at gaps in access to high-quality care, which provided a playbook for targeting future investments in new high-quality supply.

"When we put the supply and demand data together on a map we could see that specific parts of the city were not adequately supplied with childcare, explained Dr. Goldstein. "We also knew there were providers in our city with a long track record of running successful high-quality programs. With the right investment and technical supports, we thought those providers could expand to fill those gaps in the market."

The culmination of that work was a tool called Childcare Map, an interactive website created and maintained by PolicyMap[5] that maps the landscape of ECE access across the city and allows users to create custom reports (www.childcaremap.com). Reinvestment Fund updates the childcare gap analysis annually and, with PolicyMap, updates the mapping tool. Reinvestment Fund has replicated the analysis in cities, regions, and states from Rhode Island to Georgia - in each place, guiding strategic investments in the sector. The Childcare Map website now serves as a central repository of information about the city's ECE sector, making it easy for stakeholders to access supply and demand data by neighborhood, school catchment, and council districts. It gives users the ability to see where care is lacking and what other investments are needed.

In local policy discussions, data from Childcare Map has helped inform the discourse around the future of education in the city. In 2015, for example, Vanguard's Chairman Emeritus, the Superintendent of the School District of Philadelphia, the Director of the Mayor's Office of Community Empowerment and Opportunity, and the Police Commissioner jointly published a citywide early learning plan, called "A Running Start." The document relied heavily on data from ChildcareMap.org to diagnose the sector's needs and to advocate for new investment and closer collaboration[6].

The tool has also been used by a variety of stakeholders to allocate resources and investments. Individual providers use the map to locate new sites and leaders from the School District of Philadelphia and the City of Philadelphia have used data from the map to target their investments in pre-K. In the fierce debate that preceded passage of a new tax intended to subsidize a new pre-K program, data from ChildcareMap.org along with the qualitative experience of ECE providers was critical in making the case for the program. Several advocacy groups, including Children First PA, have been steadfast voices supporting increased ECE resources. Sean Perkins, Philadelphia's Chief of Early Childhood Education, observed that "advocates are much stronger on qualitative arguments and bringing in voices, but the golden ticket is when qualitative and quantitative work together" to make the case for new investment. OCF, which runs PHLpreK, uses supply and demand

4. PolicyMap began as a division of Reinvestment Fund and became an independent benefit corporation (a for-profit entity with a social mission) in 2017.
5. "A Running Start Philadelphia: Our Citywide Plan to Improve School Readiness" (2015) Available: https://williampennfoundation.org/sites/default/files/2024-05/A-Running-Start-Philadelphia-Report.pdf

data from Childcare Map to define priority zip codes and allocate new PHLpreK seats. The gap analysis has also been an essential piece of FFQ, a program described in more detail in the following section.

Many other research endeavors have informed and evaluated investments and programmatic interventions in the Philadelphia ECE landscape over the last dozen years. For example, stakeholders credited the 2021 BUILD Initiative action plan, which collected input directly from ECE business owners, with driving the creation of a Provider Council. An evaluation of Pennsylvania's Pre-K Counts program by researchers at the University of North Carolina[7] helped make the case for additional funding. And research from PolicyLab at Children's Hospital of Philadelphia (CHOP) inspired the launch of the Philadelphia Inclusion Innovation Initiative, which seeks to increase the rigor and sustainability of inclusive practices in early learning settings.

Growing Investment and Resources in the Sector

ECE is under-resourced across the United States. Financial margins in the sector are slim: the businesses are expensive to operate but the cost of care is already challenging for many families to afford, making it difficult to raise prices. The ECE sector needs new resources to fund innovation, modernize and expand facilities, provide technical assistance to ensure business success, provide a living wage to staff, and defray costs so that more families can access the care they need. In Philadelphia, new resources for ECE have come from private philanthropy and the public sector, with each funder playing a different role in supporting the sector.

PHILANTHROPIC FUNDERS: FILLING GAPS AND SUPPORTING INNOVATION

Grant funding from mission-driven foundations, whether in the form of grants or program related investments, is a more agile resource than public sector funding. Philanthropies can deploy resources quickly and have an easier time adjusting course to redirect or redeploy resources when necessary. These characteristics make private funding ideal for filling gaps and supporting innovation.

6. Peisner-Feinberg, E., Soliday Hong, S., Yazejian, N., Zadrozny, S., & Burchinal, M.(2020). Kindergarten impacts of the Pennsylvania Pre-K Counts program: A statewide evaluation. Chapel Hill: The University of North Carolina, School of Education and Frank Porter Graham Child Development Institute.

In Philadelphia, foundations have embraced this role, supporting specific needs and novel approaches in the city's ECE sector. An interactive map developed by the National Children's Facilities Network (NCFN) and Reinvestment Fund illustrates that grant funding for ECE business activities in Philadelphia County far surpasses per family grant making in other counties.[8] The FFQ program, which is supported by two major local philanthropies, is a good example of the role private funders can play. The first gap analysis on Childcare Map highlighted the need for additional high quality ECE seats in specific low-income neighborhoods. The stakeholder group, recognizing that there was a significant amount of unlicensed care, acknowledged that the gap analysis also elevated a need for technical assistance (TA) for multiple purposes, including support for providers to become licensed/certified. Once the map tool and stakeholder meetings were complete, philanthropic partners funded FFQ as a mechanism to address those gaps: what makes the program innovative is that it provides both TA and capital to help providers realize their vision. As one stakeholder put it, FFQ "set the bar" for what expansion of high-quality programs should look like – not just adding seats but providing relevant TA for providers.

THE FFQ MODEL / HOW THE PROGRAM WORKS

STEP 1:

Each year Reinvestment Fund updates the childcare gap analysis to identify priority neighborhoods with a shortage of high-quality care. FFQ prioritizes neighborhoods with insufficient high-quality care that are home to low income families or low wage jobs.

STEP 2:

Providers with a track record of running high-quality centers apply to expand an existing facility or open a new center in a priority area. Reinvestment Fund and PHMC consider each applicant's program quality, business plan, and commitment to serving low income children and families.

STEP 3:

Selected applicants are given a planning grant of up to $12,500 to support a six to twelve-month process to refine their business plan, HR systems and current business processes, and to develop a facility expansion plan.

STEP 4:

Upong successful completion of the planning phase, providers receive a capital grant, typically up to $300,000, to support their expansion project.

7. Child Care Finance Map; https://map.ncfn.org/

THE CATALYTIC POWER OF INVESTING IN TECHNICAL ASSISTANCE

Cynthia Figueroa, whose portfolio as (former) Deputy Mayor for the City of Philadelphia included the Office of Children and families, and who also oversaw a program directing subsidies for children in the child welfare system to high quality providers, emphasized the "constant need" for TA in the sector. The field has complex regulations, and many operators come to the work because it is a passion – and not because they have business management training. Because of their financial constraints, many ECE business owners are playing multiple roles, stretching themselves thin and making it difficult to scale or grow their business. She also described the role of intermediaries, such as RF and PHMC, in supporting the network of providers, "they're nimbler than government; this gives the system more flexibility and responsiveness to change; they also fill a capacity gap, giving greater depth to TA."

Providing business coaching and planning support requires deep expertise in the sector. Since the creation of FFQ, PHMC, a nonprofit regional public health organization, has provided coaching and TA to grantees. PHMC was selected for this role because of the organization's experience as an intermediary supervising the Commonwealth's childcare quality rating system, managing professional development, and helping families across Southeastern Pennsylvania access childcare and navigate public subsidy programs. With the first FFQ grant from William Penn in 2014, PHMC and Reinvestment Fund worked together to develop a roadmap to help FFQ grantees design and execute expansion projects. Through PHMC, each FFQ grantee is given a coach and a budget for technical assistance. Together with their coach, providers develop a business plan, facility design, marketing strategy, and whatever else they need to successfully complete their expansion project.

Through FFQ, eligible providers receive business coaching and planning support to develop an expansion plan and then a capital grant to jumpstart their expansion project. "That's why programs like FFQ are successful," explained Mary Graham, executive director of Children's Village and a 2020 FFQ grant recipient. "There are other facilities funds, but the fact that you actually partner with people who can give you real advice? I expect a lot more of our programs would be closed within a year if we didn't have consultants. There's just so much that folks aren't thinking about when it comes to expansion projects." Many building industry professionals may not have expertise in childcare. For example, providers report that commercial developers will recommend centralizing bathrooms rather than putting them inside of each classroom, to save costs during construction. But in ECE, centralized bathrooms require hiring additional staff to chaperone children back and forth, leading to higher costs. Aliya Johnson-Roberts, the owner of Bustleton Learning Center and a 2017 FFQ grantee, shared that "We focus on kids and families, not real estate, so this was new for us." As part of her grant, Johnson-Roberts was able to hire a construction manager to help design and oversee the renovation of their new site. "He came on site to see if the space was safe, and that people had pulled the right permits. I wouldn't have known anything about that. With other grants, you'll get the money and then you'll try to figure it out on your own. But with FFQ, they provide you with the funds and the support to actually do something."

Sharon Mullings-Neilson, a former childcare provider who currently advises FFQ as a staff member at Reinvestment Fund, explained the importance of the program's different resources: "In other programs they might take a curriculum class, but they don't give you the curriculum… at the end of the day you don't have the materials to make it work. You were set up to fail." The combination of training, coaching, materials and facilities funding is crucial. "[Often] you get this great knowledge, but you don't have the resources to do something with it. FFQ is the opposite. You get the expertise and the funds to be successful."

IMPACT OF FFQ ON SURROUNDING MARKETS

Reinvestment Fund recently conducted an analysis of the impact of FFQ on access to high-quality care and the overall market for childcare in Philadelphia. Using descriptive and quasi-experimental approaches, the analysis found evidence that FFQ has had an overall positive impact on access to ECE overall, and on high-quality programs in particular. Our findings suggest that FFQ investments have increased the likelihood that nearby providers either improved their quality rating or opened new sites after the deployment of FFQ resources. We also found little evidence of market contraction effects such as a decline in seats outside the FFQ-funded programs. In fact, there were more seats overall in FFQ investment areas, and a greater share of those seats were high quality.

Public Funders: Supporting Affordability and Broader Access

In Philadelphia, the impact of philanthropic funders can be seen in the new facilities and expanded capacity in the city's high quality sector. But grant resources and private funding can only do so much when the underlying economics of ECE make it difficult for families to afford care and for providers to pay a living wage. Interviewees observed that public resources can provide long-term, stable funding that can address needs that philanthropy cannot, but local public dollars allocated to ECE are still quite limited across the country.

Prior to 2017, federal Head Start dollars and state subsidy programs for low-income were the main tax-funded sources for the ECE sector in Philadelphia, and they were not sufficient to meet needs. Local public sector investment in ECE flowed primarily through the Philadelphia Department of Human Services (DHS) for children in the child welfare system. DHS was the first department to encourage the use of public dollars in high quality care, but the impact was limited. Over the course of several years, local stakeholders worked tirelessly to pass what became known as the Philadelphia Beverage Tax, a sales tax on sweetened drinks that went into effect in 2017 and enabled the City to become a significant funder of the ECE sector. The beverage tax funded the launch of the PHLpreK program, providing $80 million over the program's first four years.[9] PHLpreK now serves approximately 5,200 children annually across more than 350 community-based providers with an annual budget of more than $70 million reliant on the City's General Fund.[10]

PHLpreK is a mixed provider model, using both school and community- based providers. This design meets varied family needs and cultural preferences, with a goal to create more high quality options for more families. Programs like PHLpreK complement private funding, by subsidizing seats in programs across the city. Notably, the program does not have income limits, in recognition of the fact that even middle class families often

8. Lahr, M.L., Yao, Y., Fei, D. & A. Lee. (2021). The Total Economic Impacts of Philadelphia's Beverage Tax. New Brunswick, NJ: Rutgers Economic Advisory Service (R/ECON™) & The National Institute for Early Education Research. Report-PHILPreK-BeverageTax.pdf

9. https://www.phila.gov/programs/quality-pre-k/ See also: Philadelphia's Pre-K program, funded by Beverage Tax, helps the city's children, families, and economy | Edward J. Bloustein School of Planning & Public Policy

struggle to afford the high cost of ECE, and to advance a growing consensus that ECE, like K-12 education, is a public good that benefits all children and their families.

Sean Perkins touts the PHLpreK program as "the fastest publicly funded growth" in pre-K in the country, but its launch was not always a sure thing. It took organized political pressure to pass the tax and ensure that ECE remained a key beneficiary of the new revenue. Stakeholders highlighted the role of foundations in building support for ECE investment and in filling funding gaps at specific times and for specific uses. The foundations acted as conveners of key decision makers and amplified the message that pre-K is a wise investment of public dollars, and that philanthropic dollars alone cannot close access gaps. When the new tax was tied up in litigation (led by the American Beverage Association), local foundations stepped in with funds to launch the program until the new revenue stream became available. This road to new public revenue demonstrates that new investment often requires many stakeholders – inside and outside of the public sector—working together towards a common goal. Collaboration can unlock significant new dollars and, as the next section explores, can achieve key goals that could not be reached by any one entity.

Advanced Collaboration and Coordination Among Sector Stakeholders

ECE sectors tend to be highly fragmented. Providers include school systems, home-based programs, individual operators, and national companies, all operating within complex local and state regulatory systems and reliant on funding from multiple sources. Within a context of limited resources and high costs, collaboration and coordination among different system stakeholders can return substantial benefits for providers and families. Successful coordination across these systems requires the dedication and time of cross-sectoral partners, and also financial resourcing.

Stakeholders in Philadelphia point to increased coordination as a critical component of the sector's transformation over the last decade. "It's hard to imagine how disorganized the landscape was compared to now," observed one stakeholder. One of the most impactful changes has been increased collaboration between the School District of Philadelphia and the City of Philadelphia. The improvement in cross-agency coordination is due in part to new leaders who were committed to improving options for families and open to new ways of doing so. In 2014, Diane Castelbuono joined the School District of Philadelphia as Deputy for Early Learning and, with a background working in state government and nonprofits, sought to work with external partners from the beginning of her tenure. WPF funded the search for the City's first Chief of Early Childhood Education, and in 2020 the City hired Sean Perkins for the role, bringing in experience working across departments and sectors.

Both leaders pointed to the importance of support from foundations, including Vanguard and WPF, for testing out new initiatives and coordinating activities, as well as facilitating conversations. Reinvestment Fund's stakeholder-driven approach in creating the first ECE gap analysis also helped set the stage for collaboration.

Multiple stakeholders pointed to Philadelphia's new universal application for publicly funded pre-K as a momentous achievement that was only possible with substantial coordination and patience. Applications for city, school district, and state programs are now combined into a single portal. The creation of a unified application was a significant undertaking that ultimately took about a decade to implement. Foundation partners supported an initial feasibility study and concept development for a unified enrollment system, which was critical to the effort's ultimate success. Enacting change required participation from city, state, and school district partners, which was only possible thanks to the support of foundations committed to the long term success of the sector.

SUPPORTING A NETWORK OF NEW LEADERS

Beyond the children who have accessed new high-quality childcare seats, another big impact has been on the business owners whose programs were transformed. FFQ grantees, many of them women and people of color, have gone on to be leaders in the sector and mentors to other providers.

Ms. Neilson, the FFQ advisor, described how the boost from completing a project through FFQ helps providers see themselves in a way that wasn't possible before: "They can dream big. It opens up possibilities that weren't afforded to them." Ms. Johnson-Roberts, of Bustleton Learning Center said, "This was really when I started to look at things like a business owner and a CEO. Our [old] location was just what we knew, so this was a chance to think big and learn something else."

Children First PA facilitated the creation of a Provider Council in 2021, with philanthropic support. The idea emerged from a foundation-funded report and action plan produced by the BUILD Initiative that centered the input of providers.

Ms. Johnson-Roberts was selected as the Council's Vice Chair for Quality. Other former FFQ grantees have gone on to start their own consulting businesses, helping others achieve higher quality ratings and improve their business practices.[11]

INCREASING SECTOR RESILIENCY

The greater level of collaboration in the sector also helped the city better prepare for crises. Philadelphia's response to the COVID-19 pandemic shows how valuable close working relationships between stakeholders can be for mitigating major disruptions. Data resources like Childcare Map and funding mechanisms like FFQ were also key. These factors positioned private funders to step in with fast-acting aid in a changing landscape.

In 2020, shortly after many businesses temporarily closed due to COVID restrictions, local funders worked together to create the Philadelphia Emergency Fund for Stabilization of Early Education (PEFSEE) to convey stabilization payments to providers.[12] Through PEFSEE, funders allocated $8.3 million in grant awards to 416 providers between April 2020 and August 2021. Grantees were selected in part by a metric of need derived from the gap analysis. The funds helped preserve 31,187 seats. A stakeholder noted that the FFQ

10. Harriet Dichter, Adrienne Briggs, Sherilynn Kimble, Sharon Neilson, Gail Nourse, Diane Schilder, and Deborah Stahl, "Philadelphia's Early Learning Community Speaks Out: An Action Plan for Quality Improvement," BUILD Initiative, 2021. https://buildinitiative.org/wp-content/uploads/2021/06/PHL-QI-Report-FINAL-2021.6.9.pdf

11. Reinvestment Fund, "Emergency Response: An Overview of the Philadelphia Emergency Fund for the Stabilization of Early Education (PEFSEE) Program," 2021. https://www.reinvestment.com/insights/emergency-response-an-overview-of-the-philadelphia-emergency-fund-for-the-stabilization-of-early-education-pefsee-program/

model of providing TA plus capital and using data to guide the work helped with the rapid distribution of funding in a time of crisis; PEFSEE moved payments quickly because the intermediaries, PHMC and Reinvestment Fund, were "very reliable."

Partners were able to allocate resources rapidly because of the established FFQ model of providing TA plus capital and using data to guide the work. Stakeholders observed that the environment of increased collaboration, trust, and commitment to providers as well as families all eased the implementation of the PEFSEE program.

While some providers ultimately went out of business, and classrooms closed for both Head Start and community providers, stakeholders broadly agree that coordinated intervention and the rich array of resources prevented far worse potential outcomes. Additionally, RF's ongoing analyses of the sector find that high quality providers – many of them supported by FFQ and PEFSEE – have been more likely to remain open or expand since the pandemic.[13] This demonstrates how increased quality can contribute to a more resilient ECE ecosystem in addition to benefiting individual children.

Lessons for Funders & Stakeholders

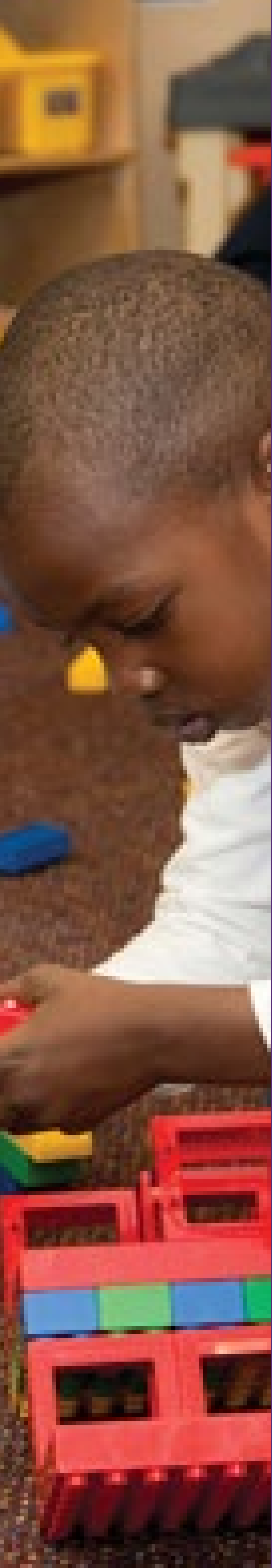
Changes in Philadelphia's ECE landscape over the last dozen years have been nothing short of transformative. RF's latest annual gap analysis found that on top of steady growth over a decade, Philadelphia added over 3,000 new high-quality seats year over year. The circumstances around this sustained expansion amidst significant challenges offer a set of lessons for stakeholders and funders interested in replicating Philadelphia's success elsewhere:

12. Reinvestment Fund, "Changes in the Supply of and Demand for Childcare in Philadelphia, 2024." https://www.reinvestment.com/wp-content/uploads/2025/02/ReinvestmentFund_WPF_Phila_summary_2024.pdf

» **Change takes time** – and sustained effort. Philadelphia stakeholders have been working to improve the ECE landscape for more than decade. While there has been success, stakeholders pointed out that progress took time and considerable effort. As one stakeholder put it, "There are no easy solutions – be ready for hard work." Patience is a key ingredient to achieving goals because setbacks – such as litigation around a new tax or logistical hurdles around a shared application portal – are inevitable. Partners who can commit to a long-term vision are essential.

» **Start with shared data tools.** Creating comprehensive (and comprehensible) data tools and sharing them widely lays the groundwork for change. In Philadelphia, data brought stakeholders together and focused efforts. A solid data foundation also enables the strategic use of resources and can align actors across the sector through a shared understanding of top needs.

» **Position foundations and the public sector to play to their unique strengths.** Each sector plays a unique and complementary role. Foundations can fill capital gaps with flexibility, and fund innovation and coordination, research to inform strategy, and evaluations to make the case for ongoing investment. The public sector can raise or allocate revenue to support operations, share data with the public, set policy priorities, and implement programming. Acknowledging these distinct roles from the outset will facilitate effective collaboration.



Support and Fund Collaboration. Systems work more efficiently and tend to be more user friendly when they are coordinated. However, purposeful collaboration requires substantial time, and many ECE stakeholders are stretched thin in terms of staffing and finances. Efforts to work across entities often drop to a low priority when more pressing matters are present. Funders and can convene stakeholders and provide financial resources to pilot collaborative efforts.

Continual Learning is Essential to Progress. In Philadelphia, foundations have commissioned annual and stand-alone research efforts that have moved the sector forward. For example, multiple stakeholders cited Reinvestment Fund's yearly gap analysis and recommendations from the 2021 BUILD report and action plan as major drivers of change.

Listen to those closest to challenges. The business owners and educators who run programs have emerged as a critical stakeholder group in efforts to understand and improve the ECE system. Providers know their business challenges, and they hear directly what families want in a program. From the original ECE gap analysis though recent efforts like retirement planning for program directors, providers have initiated consequential changes in the ecosystem. Providers advised the creation of Childcare Map in 2014, and the 2021 BUILD report board consulted providers directly to yield helped bring to like the advocacy group Children First drove the establishment of an Early Childhood Provider Council to formally receive input from those on the front lines of ECE.

REINVESTMENT
FUND