

Federal Reserve Bank on Early Learning



A Late Start: Understanding Public Investments in Education to Inform Supply-Side Investments for Early Learning

Considerations for policy makers in Philadelphia and Pennsylvania

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Introduction

A family's homelessness can be prolonged for longer periods of time by a lack of childcare.

HopePHL's Building Early Links for Learning (BELL) project works to help parents and homeless housing provider agencies find high-quality childcare, navigate through applications, and much more. However, the COVID-19 pandemic reduced the number of available early learning programs. Numerous efforts at the national, state, and local level are working to get the early learning system back to pre-COVID levels, but long-term systemic problems like low staff wages, inadequate number of subsidies, and a lack of infant/toddler childcare hinder the system's recovery.

The **Federal Reserve's Early Care and Education Work Group** has produced a series of reports on the status of childcare as it relates to its mission of sustainable employment. This paper is a summary of its most recent report, which can be [found here](#).

Who should read this paper: HopePHL is summarizing the report for the homeless housing system, other human service systems and policy makers because the availability of childcare affects all industries. In addition, there are numerous advisory councils and coalitions preparing early childhood education (ECE) policy work to offer to Pennsylvania Governor Josh Shapiro, the Pennsylvania General Assembly, Philadelphia's future Mayor, and current and future City Council members. Information in this paper serves to add to the body of knowledge about ECE to a non-ECE audience.

Observations

Limited early childhood education programs¹ creates challenges for parents to participate in the workforce and for employers to hire workers. While Philadelphia had 26,000 online job openings in February 2023 and 4.5% unemployment rate in March 2023¹, anecdotal stories abound of parents who were in emergency and other types of temporary housing and could not accept a job because of the lack of an ECE program for their child(ren).

The Federal Reserve Bank made the following 'supply side' observations:

- The childcare workforce decreased 11 percent, a loss of 98,200 workers, as of 2021.
- Differences in expenditures vary across the continuum of education for the developing child at different ages. ECE is mostly funded through out-of-pocket payments by parents with supplemental funding for eligible lower-income

¹ Will be referred to as "ECE" and includes childcare, home visiting, Early Intervention, Head Start/Early Head Start, and Pre-K programs.

families, while the public education system is mostly financed through state and local sources, with supplemental federal funding for at-risk children.

- Compensation differences between the ECE workforce and educators in the public education system reflect their different financing models. The 2021 median annual earnings for workers defined as childcare workers were 34 percent less than those defined as preschool and kindergarten teachers, and 123 percent less than elementary and middle school teachers.
- The main sources of subsidies tend to reimburse providers at below their market rates.
- Many parents opt for informal care or exit the labor force.
- Pennsylvania had the fourth highest difference between K-12 public school spending and childcare in FY 2019.
- American Rescue Plan funding was used during the pandemic to mitigate childcare's challenges, which serves as a model for local investment to continue. Some states have used local resources to continue expanding childcare's financial model with positive outcomes.

Examples

These localities have made significant investments in childcare.

Delaware

- Delaware recently launched its “Early Childhood Innovation Center.” The Center aims to support ECE workers success by increasing their access to educational and economic opportunities like post-secondary degrees and incentives to increase retention. Delaware invested \$42 million into the Center, including \$10M from the American Rescue Plan and \$32M from the state budget.

Miami-Dade County

- Used a \$27M investment to provide several tiers of support, including:
 - Up to \$6,000 to providers to increase quality.
 - Child scholarships to increase access to high-quality ECE for children of low-income families.
 - Compensation for providers to increase quality.

New Orleans

- Passed a tax to raise \$21M annually to leverage state funding that will be bundled together to expand capacity.
- Providers will receive funding for professional development and teacher workforce support.

About HopePHL

HopePHL™ (pronounced “hopeful”) was founded through an integration of two human service organizations in Philadelphia, PA: People’s Emergency Center (PEC) and Youth Service, Inc (YSI). Leveraging 150 years of combined service experience, it is HopePHL’s mission to inspire Philadelphia’s children, youth, families and communities to thrive by providing housing, advocacy, and trauma-responsive social services designed to promote equity, resilience, autonomy, and well-being.

HopePHL helps over 25,000 community members and residents annually to reach their goals of safe homes, economically secure and healthy families, and thriving businesses. People with Hope, thrive.

HopePHL advocates for urgently needed public policy changes on behalf of families and youth experiencing homelessness and the neighborhoods we serve. We have worked successfully with local, state, and federal government agencies to advance legislation and budgets that prioritize these communities.

ⁱ PA Department of Labor and Industry: [Philadelphia County.pdf \(pa.gov\)](#)