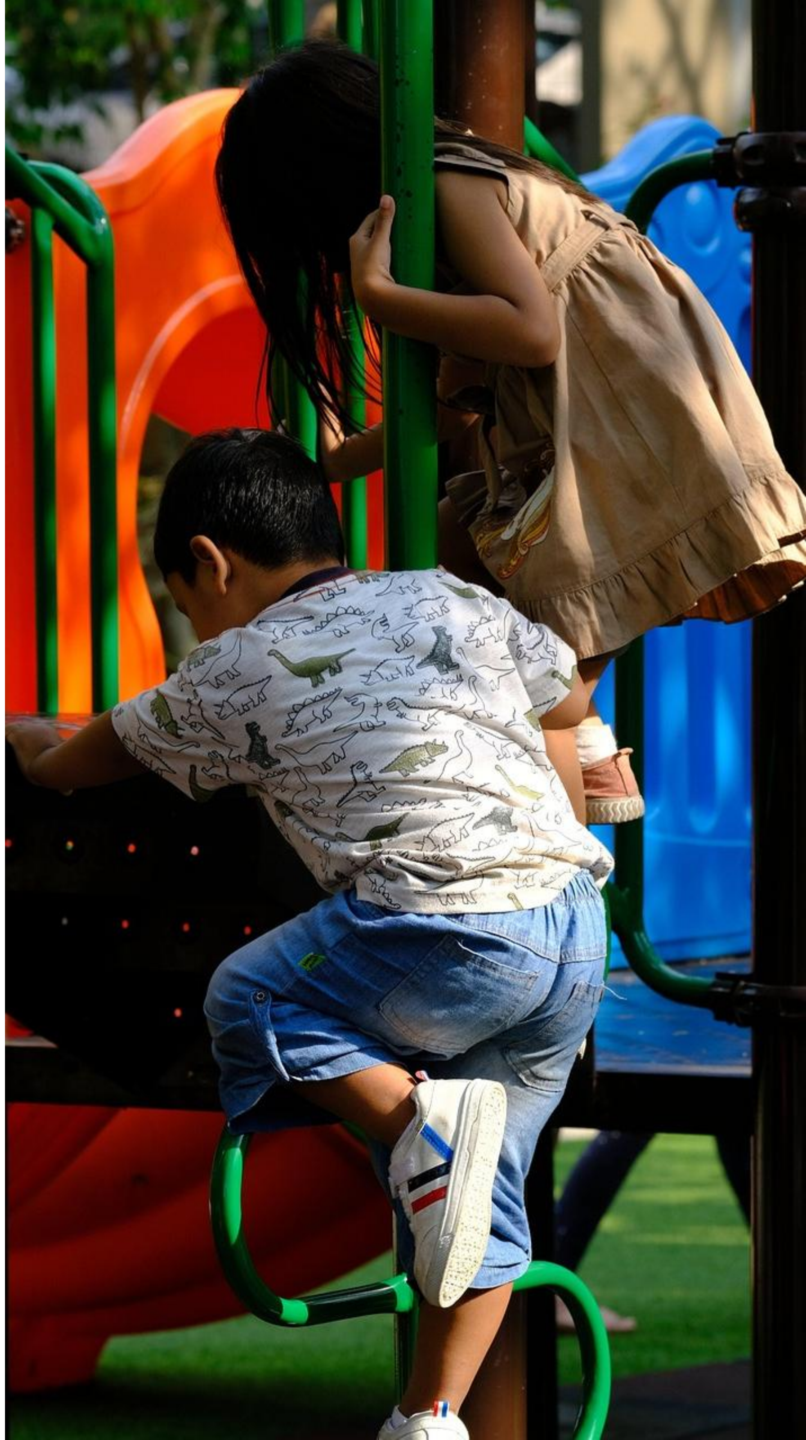
Using Supply and Demand Data to Guide Investments

Jacob L. Rosch, Reinvestment Fund

Maryland Philanthropy Network, October 21



ABOUT US

Reinvestment Fund

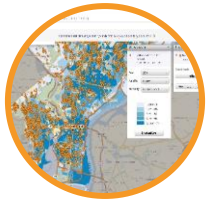
We are a mission-driven nonprofit organization that brings financial and analytical tools to partnerships that work to ensure that everyone has access to essential opportunities.

Since 1985, Reinvestment Fund has provided over **$3.2 billion** in financing to strengthen neighborhoods, scale social enterprises, and build resilient communities.

We are supported by **830 investors** that include individuals, foundations, religious institutions, financial institutions, civic organizations and government.

How We Work

Lending & Investing



Programs & Capital Access

Policy Solutions

Policy Solutions

Reinvestment Fund's Policy Solutions team partners with government, philanthropic, nonprofit, and other civic leaders across the country to support strategic decision-making to strengthen communities.

We conduct rigorous research and build analytic tools that help stakeholders implement effective interventions and address entrenched challenges to achieve more equitable outcomes.

Spatial and statistical analyses using proven methods to support program design, guide implementation and measure effectiveness.

Comprehensive **strategy and advisory** services for public and private investors seeking to align capital with social impact.

Data tools and platforms to assess local conditions and inform the allocation of scarce resources.

Our expertise

- Affordable Housing
- Commercial Corridors
- Fair Housing
- Quality Early Education
- Food Systems
- Vibrant Neighborhoods

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Reinvestment Fund’s Work in Early Childhood Education

Elements of Our Child Care Market Research

Demand
Estimating the potential demand in each census block group by accounting for the ***resident population and workforce*** across the county.

Supply
Tracking the location and capacity of ***all segments of the birth-to-five market***, including public, private, licensed, and uncertified providers.

Shortage
Measuring access ***gaps to inform public and private investments*** in supply building, quality improvement, and capacity expansion.

Applications of Reinvestment Fund’s Child Care Research

Philadelphia Fund for Quality
Business planning and facility financing to help high-quality centers expand ECE access for low-income families.

ATL ACCESS Map
Mapping tool to help funders, practitioners and childcare advocates make data-informed decisions about where ECE resources are most needed.

DC Early Learning Quality Fund
Business planning and facilities financing for providers in high need wards to improve facilities and provide high-quality environments for infants and toddlers (ages 0 to 3).

Communities Using RF’s Gap Analysis

Allegheny County, PA

Dauphin County, PA

Essex County, NJ

Lancaster County, PA

Lebanon County, PA

Mercer County, NJ

Metro-Atlanta, GA

*Montgomery County, MD**

City of Paterson, NJ

Passaic County, NJ

Philadelphia, PA

Southeastern Virginia

State of Rhode Island

Washington, D.C.

Using Gap Analyses to Support Supply Building Activities

Reviewing and analyzing supply and demand data helps stakeholders coordinate activities and answer the following strategic questions:

- What are the critical market segments that need support in the ECE sector?
- Where are the neighborhoods and communities where supply building is needed?
- What are the most appropriate types of investments or activities?

Supply shortages are only one of the challenges facing the ECE sector

Activities like system improvement and policy change don't require a "market" lens. Different activities require different kinds of information.

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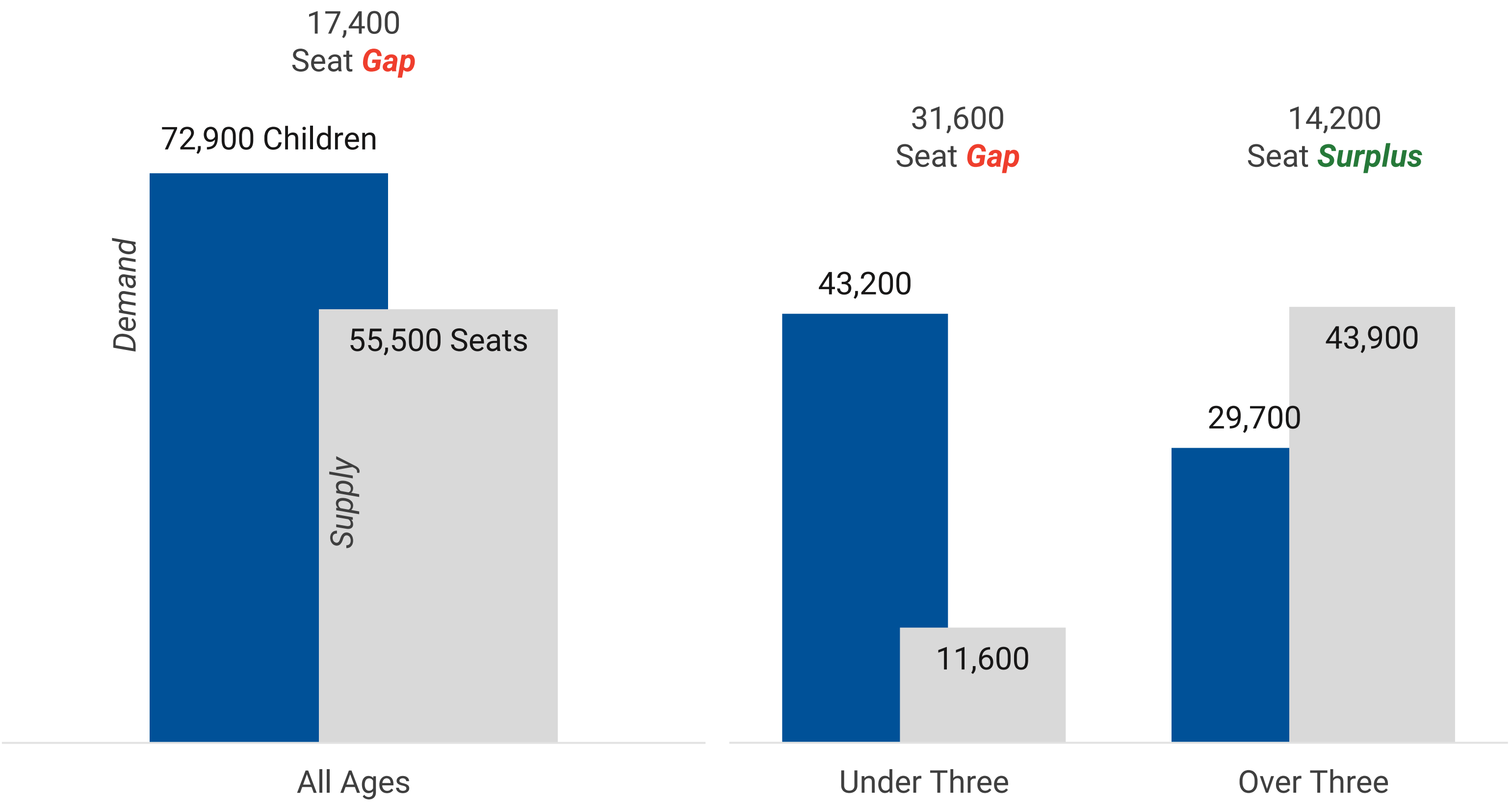
What Type of Supply?

The childcare industry is comprised of different segments. A gaps analysis can help you identify what type of childcare supply your community needs most urgently.

Supply and Demand in Southeastern Virginia (2024)



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Common Childcare Market Segments

Age. Evaluate the number and share of programs that serve children at different age levels (infants, toddlers, preschoolers).

Hours of Operation. Examine the number of programs open early in the morning (before 7am) or later in the evening (after 6pm).

Quality Level. Evaluate the number of programs that have received high quality ratings on the state's QRIS system.

Public Funding. Evaluate the number and share of programs that participate in public subsidy programs to help families afford the cost of care.

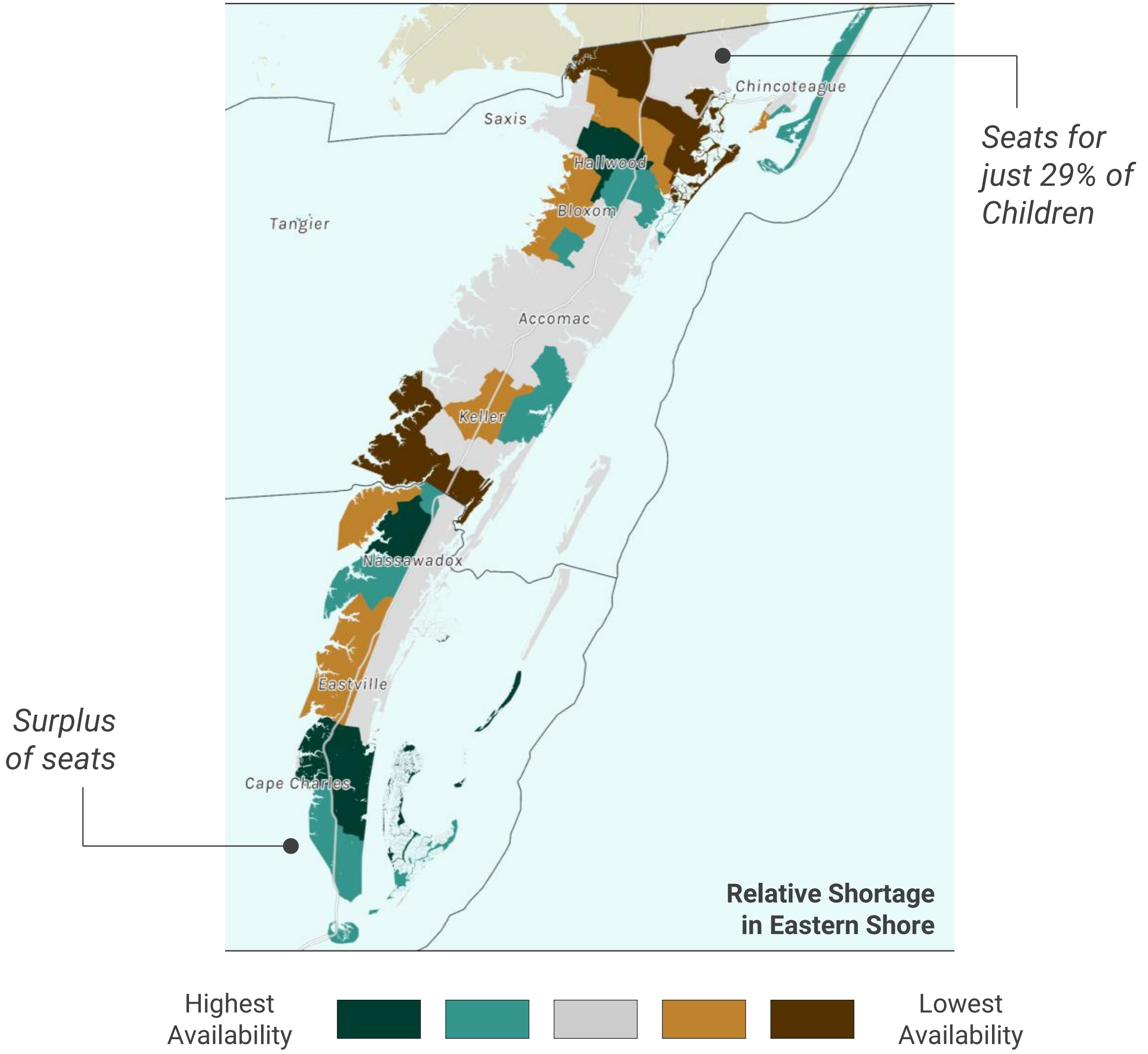
Price. Examine the supply of care at different price levels based on family incomes in the community.

Where is Supply Needed?

The aggregate shortage or surplus of care in a community often masks wide variation in access to care.

A gap analysis can help identify high need communities where supply is insufficient.

In the aggregate there are enough seats for 76% of children, but availability varies widely within the region.

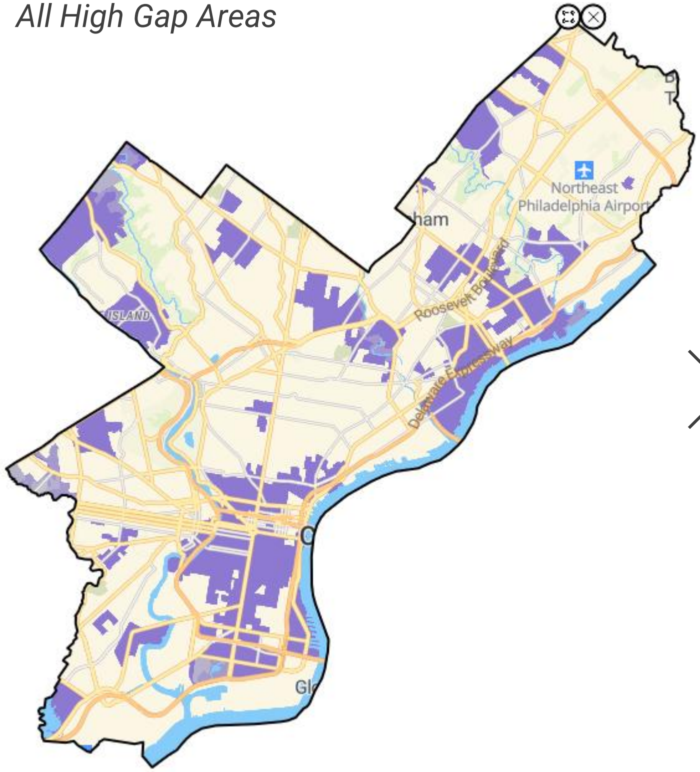


Additional Geographic and Community Considerations

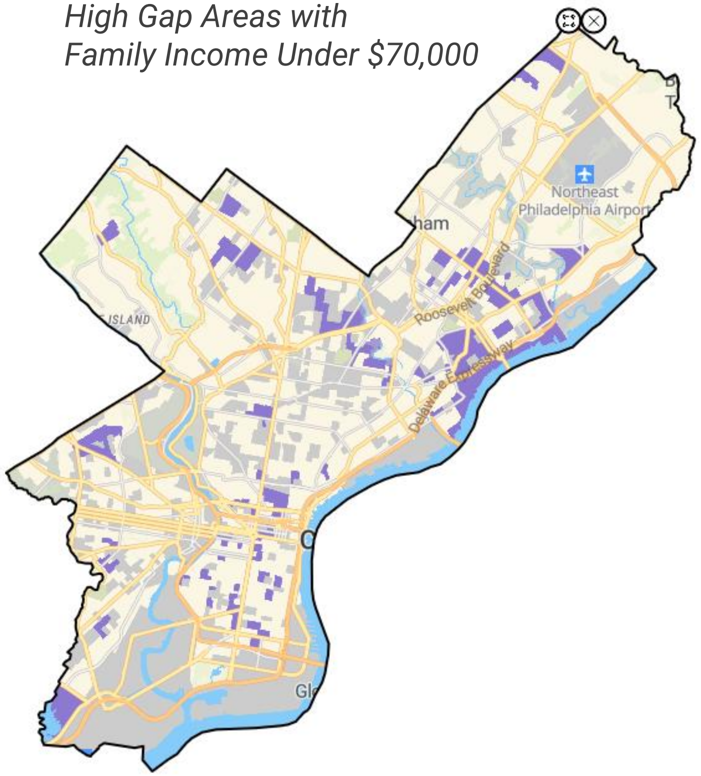
Childcare shortage is *only one* of the factors to consider when prioritizing areas for investment.

Example

All High Gap Areas



High Gap Areas with Family Income Under $70,000



Other Funding Priorities and Considerations

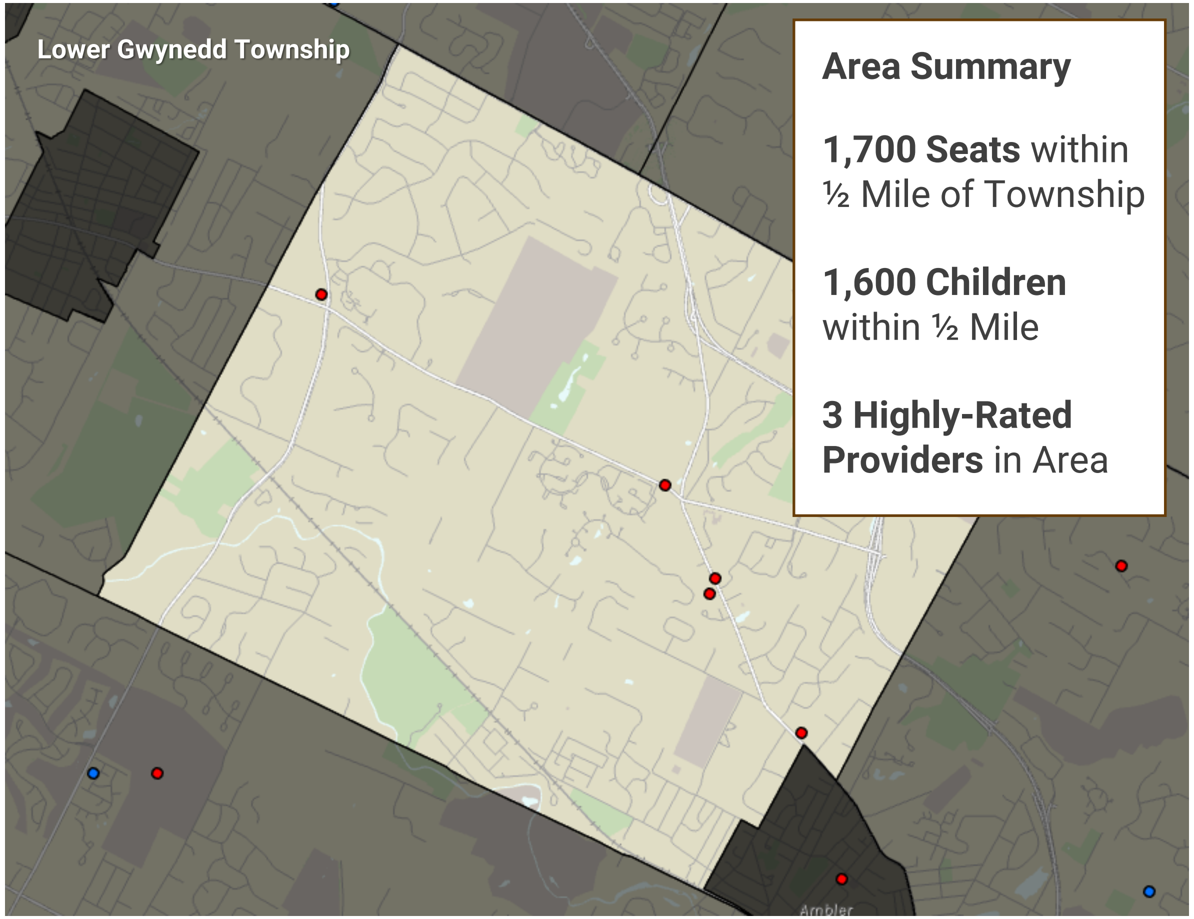
- Family Incomes
- Employment Hubs
- Family Characteristics
- Transportation Access
- Population Projections
- Future Civic Investments

What Type of Activity?

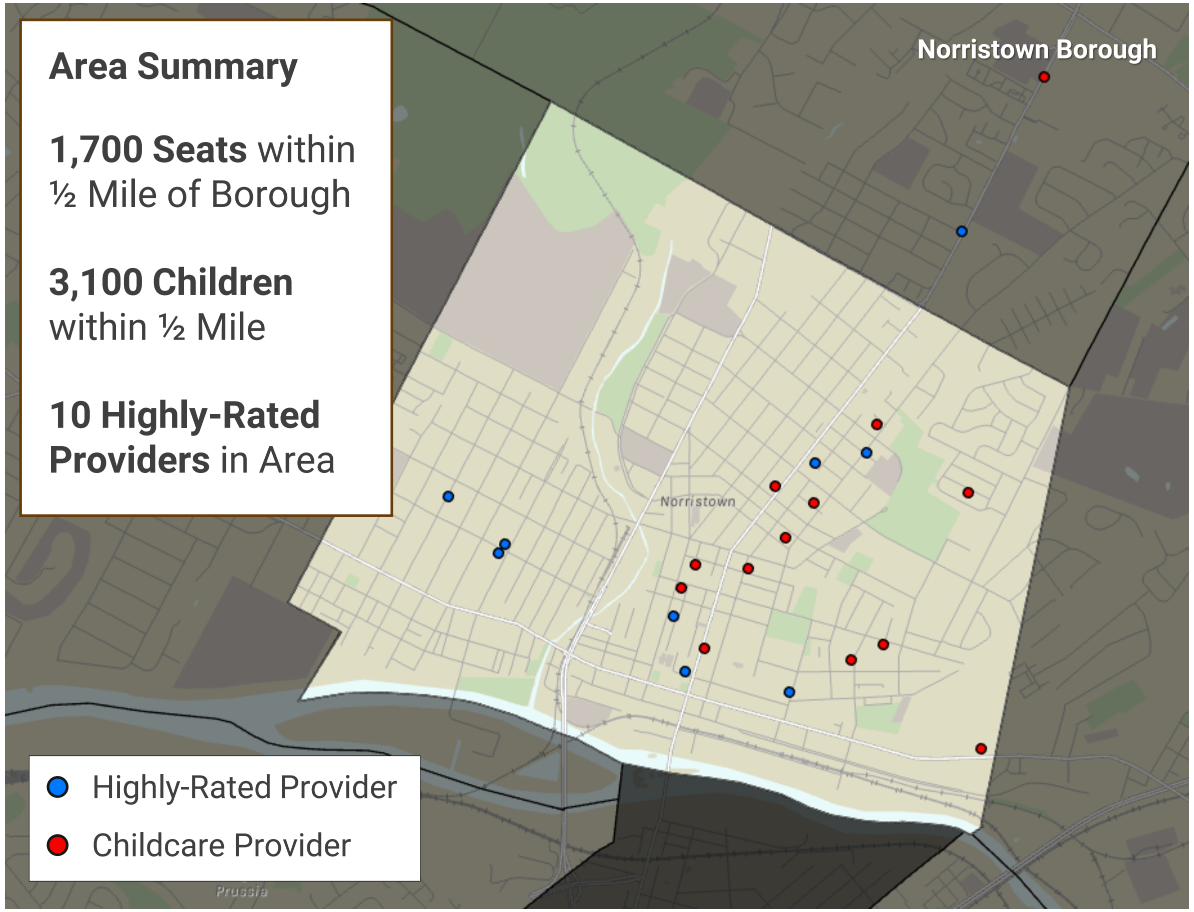
The appropriate supply building strategy depends on the conditions on the ground, as well as the tools and capacity you have available.

Investment Strategy	Area Characteristics	Required Capacity
Facility Expansion. Help existing programs add classrooms to serve more families.	Existing high-quality programs, but insufficient total supply.	Facility expertise, marketing and enrollment planning, TA
Quality Improvement. Help existing programs improve quality and state ratings.	Sufficient program capacity, but insufficient program quality.	Curriculum, staffing, and classroom support and advising
Business Creation. Help entrepreneurs open new childcare businesses.	Lack of existing programs and high unmet demand for care.	Entrepreneurship training and support, financial planning
Program Replication. Help existing providers expand to new areas.	Lack of existing programs and high unmet demand for care.	Business services, strategic planning, facility development

Example: Strategy Recommendations in Montgomery County, PA



Recommendation: Quality Improvement Strategy



Recommendation: Facility Expansion/Program Replication

What About Areas Without Shortages?

A lack of supply is only one of the challenges families face access childcare. If your gap analysis reveals sufficient supply, consider other approaches. Engagement with families and providers will help you identify the appropriate strategy.

Provider Focused Strategies

Business Sustainability
Administrative services and business planning

Marketing Support
Develop marketing campaigns

Quality Improvement
Support rating improvements

Peer Support Networks
Create peer learning opportunities

Facility Renovation
Improve grounds and classrooms

Workforce Recruitment
Support workforce pipelines

Program Services
Support new program services

Workforce Training
Develop staff skills and competencies

Family Focused Strategies

Enrollment Support
Connect with suitable ECCE programs

Fresh Food Access
Healthy meal access in ECCE

Language Services
Support language accessibility

Benefits Enrollment
Help parents enroll in benefit programs

Peer Support Networks
Create peer engagement opportunities

Transportation Services Support geographic access

System Education
System navigation support

Employer Benefits
Encourage workplace benefits

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Thank you!

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