



Early Learning Facilities Policy Framework Update

May 2025

Overview

In every state, parents struggle to find child care because the potential need for care far exceeds the available supply in urban and rural communities. In fact, the lack of child care affects the labor force participation of parents, with nearly five million reporting that they are not working because they are caring for children not in child care or school.¹ Child care facilities play an essential role in making quality care available to working families, yet many child care programs have safety and renovation needs that contribute to supply scarcity, hinder the healthy development of children, and undermine the health and safety of child care professionals.

In 2018, a national working group of 20 organizations gathered to discuss the urgent need for child care facilities across the country. The group developed a child care facilities policy framework including a set of principles to guide facility expansion and renovation to support the needs of working parents and the health, safety and development of children and child care professionals.² After seven years, and much progress, this brief updates the original framework, calls attention to the role of facilities in child care supply expansion and critical program safety improvements, and reflects the significant gains that states and localities have amassed in recent years.

The Core Principles

- 1. Child care is an essential workforce support and an essential component of the workforce system.**
- 2. Child care impacts the healthy development of children.**
- 3. Child care is critical to the economic health and success of local communities and the national economy.**
- 4. Child care opportunities, needs and challenges depend on a variety of local, state, and national factors.**

The core principles critical to the development of policies, strategies, and funding for child care facility investments have not changed. Dedicated facilities funding is needed. The following framework describes major tenets that can guide a multi-sector response to child care infrastructure challenges.

Note: Unless otherwise noted, throughout this document the term “child care facilities” refers to all types of early care and education programs including Head Start, preschools, PreK and family child care homes.

Background

Economic growth depends on working parents. In turn, many working parents depend on child care to obtain and retain employment. In every state, there are communities where the supply of care falls far short of the potential need. In many

communities, child care programs (center-based and home-based) have critical improvement needs to protect the health and safety of children. Currently, there is no federal funding dedicated to expanding and sustaining the supply of care and repairing or renovating child care spaces to support the safety of children.

Working Parents with Children

There are 14.6 million children under age 6 in the United States who reside in families where all parents are working.³ There are another 19.7 million school-age children between the ages of 6 and 12 whose parents are working.⁴ About 13.5 million of these elementary school children are between the ages of 5 and 9, typically ages where a parent may be concerned about sending a child home to “self-care”.⁵

The labor force participation rate of mothers with children under age 5 was lower in 2024 compared to 2023 in 26 states and has fallen below pre-COVID rates of employment in 24 states.^{6 7} Lack of child care is a primary reason mothers who want to work, can’t. Parents who can’t find child care opt out of the workforce entirely or work part time when they would prefer full-time work. About 94% of workers involuntarily working part time due to child care problems are women.⁸

Parents need access to child care in order to maintain gainful employment. At the same time, children spend many hours every week in child care programs, which can impact their healthy development (depending on the condition of the facility, either center-based or home-based). Environmental factors such as indoor air quality, proper ventilation, natural light, and the absence of contaminants and toxins lead to better health and educational outcomes for children. The physical condition and configuration of the space itself as well as fixtures within the space play an important role in keeping children safe and healthy.



Supply Challenges

A 2021 [Bipartisan Policy Center initiative](#) worked with states to map the supply of child care compared to the potential need of parents. An interactive map was developed so that policymakers could view the results by state, county, congressional district, state legislative district, and opportunity zones.⁹ The analysis found:

- A 31.2% gap across states between the supply and potential need for child care
- A 33.4% gap in rural communities between the supply and potential need for child care
- A 30.4% gap in urban communities between the supply and potential need for child care

Safety and Repair Challenges

The child care business model results in razor-thin profit margins, often with periods with fluctuating revenue where tuition falls below operating expenses. Many programs do not have a capital or maintenance budget, instead relying on weekly or monthly revenue to address immediate concerns. It is not uncommon for routine maintenance expenses to be delayed, which can ultimately lead to more expensive costs. These items are not always caught in the inspection or permitting process.

A 2016 Inspector General report series found that 96% of child care providers (218 out of 227) located in nine states and one territory had one or more potentially hazardous conditions and non-compliance with state health and safety requirements.¹⁰ Some of the safety hazards identified by the Inspector General's Office included:¹¹

- Unsafe drinking water, unsafe play equipment, and inadequate exits that would be used to escape a fire
- Outdoor play equipment covered in dirt that had chipped and peeling paint, outdoor play equipment that did not have enough wood chips or other absorbent material underneath and had protruding bolts that were not adequately shielded from the children
- Meals prepared on a stovetop directly below a water-damaged ceiling with flaking paint and sheetrock and chipped and flaking paint on classroom walls
- Frayed carpet on stairs that posed a tripping hazard to children, holes in the bathroom walls, exposed metal brackets on the walls
- Landscape edging and aluminum fencing with sharp edges and not in good repair, exposed wiring in a gazebo used by children, a protruding bolt without a protective covering in a playground area



Progress During the Pandemic

Although COVID relief funds did not include specific funding for the construction, repair, or renovation of child care facilities, at least 44 states and the District of Columbia included child care facility costs as an eligible expense in their stabilization grant design.¹² At least 27 states used Child Care and Development Fund (CCDF) discretionary funds for start-up grants, expansion grants, facility maintenance and repair, and other uses related to expanding access to child care and promoting the safety of children in care.¹³

At least 41 states and 206 local governments received U.S. Treasury State and Local Fiscal Relief Funding (SLFRF) for 348 child care facility projects with a cumulative obligation of more than \$1 billion.¹⁴ States such as Arizona, Delaware, Idaho, Iowa, Kansas, Nevada, New Jersey, and Wisconsin invested in child care facility initiatives ranging from \$15 million to \$60 million. Smaller, moderately priced investments, including HVAC system replacement and outdoor play space renovations, were also made. Efforts to

expand supply via start-up grants, expansion grants, and facility maintenance were the most common type of investment.¹⁵

The majority of state and local initiatives designed to expand the supply of child care and to address safety concerns were spearheaded by nongovernmental intermediaries, many of whom were Community Development Financial Institutions (CDFIs). State child care administrators described the work of CDFIs as “critical partners” that “played a multifaceted role including designing initiatives, creating awareness and trust, as well as supporting grantees through the application period, spenddown, and reporting.” CDFIs were also able to leverage additional dollars (state, local, corporate, or philanthropic funds) to maximize investments to serve families with children.¹⁶ In many areas, after years of underinvestment in child care facilities, these significant investments were able to address persistent safety and maintenance issues and expand supply. Yet, the demand for these resources far exceeded the availability of funds, and barely a dent was made to close the child care gap.

Cost Calculators

Over the past few years, cost calculators have been developed to better estimate the cost of child care projects. These calculators can help initiatives understand the projected costs of facilities building and renovation and enable them to plan financially. A model created by Hillmann Development Advisors and the National Children's Facilities Network ties project costs to state and local requirements as well as local prices to determine the cost per child. Similar to the charter school industry cost calculator, expense fields are calculated by specific variables (e.g., type of space, location, number of children) and projecting property, construction, renovation, and inflation rates).¹⁷

STATE SNAPSHOT

Nevada

States can benefit from localized cost calculators informed by state-specific regulations and pricing. Access Community Capital of Nevada developed a regional calculator that estimated construction and renovation costs; projected increased child care slots; and analyzed data to support long-term planning and policy strategies to support sustainable funding.

Source: [Access community Capital of Nevada](#)

Lessons Learned About Financing Facilities

Several meetings of a broad-based child care facilities workgroup (which included CDFIs, state child care administrators, economic development specialists, and policy experts, among others) held between January and March 2025 reviewed the most common lessons learned from the child care facilities initiatives during the past five years.

Participants agreed that the availability of federal funding supported a wide array of innovative child care projects across the country. Third party intermediaries were critical to support project administration and development, technical assistance (TA) from application to build-out (for states, communities, and child care providers), and creative leveraging of resources. Common lessons learned included needing:

- Clarity in purpose and definitions (e.g., architectural design, pre-development costs, facility updates and maintenance, etc.) and project parameters (e.g., acquisition, construction, renovation, and maintenance), and specification in grant eligibility at the macro-level framing to reduce the likelihood of cascading interpretations
- Aligned, coordinated, and realistic timelines informed by delivery partners and strategies (e.g., project delays can be caused by multiple factors from finding approved contractors to back-ordered materials)
- Clarity in federal tax implications for child care providers and support for best business practices record-keeping that aligns with tax forms
- Alternatives to reimbursement-based grants (e.g., razor-thin profit margins in child care programs restrict their ability to engage in projects financed through reimbursement)
- Co-created guidance to support both application and real estate-related technical assistance by intermediaries

STATE SNAPSHOT

Arizona Child Care Infrastructure Grants

The Arizona Child Care Infrastructure Grant program was implemented and managed by a Community Development Financial Institution, Local Initiative Support Corporation (LISC) Phoenix. More than 500 child care facilities were supported with \$59.6 million in funding.

LISC Phoenix partnered with five local technical assistance organizations that leveraged existing relationships to build trust and offer on-the-ground support, coaching, and business training to grantees. Eligible projects could improve existing facilities, expand or move to a new facility, or plan to open a new facility. LISC Phoenix worked with a renovation consultant to create specialized guides on project management, vendor selection, scope development, and conflict resolution in construction.

Eligible Child Care Settings: Child care centers, certified small group homes, certified family child care providers all who accept children who receive child care subsidy. (There was a set-aside for home-based settings).

Eligible Uses: Minor renovations, pre-development costs, technology, and outdoor learning spaces

Priorities: Located in low-to-moderate income communities or child care desert, provide non-traditional hour care, serve more than 50% of children receiving child care subsidy; offer infant and toddler care

Lessons Learned:

- 44% of grantees addressed licensing violations/safety concerns
- 58% of grantees had difficulty finding contractors to complete projects
- 51% of grantees experienced back-order delays

Source: First Children's Finance, [Improving Child Care Facilities with Federal Relief Funding, Lessons Learned from the Implementation of the American Rescue Plan Act](#), December 2024. Bevin Parker-Cerkez, National Program Director, Child Care and Early Learning, Local Initiatives Support Corporation, Child Care Facilities Workgroup Meeting Presentation, January 23, 2025.



State Need for Facility Funding

Over the past five years, states have gained a much greater understanding about child care supply shortages as well as the condition of the current supply. Many states now have experience, in partnership with financial intermediaries like CDFIs, in expanding the supply of care and addressing critical safety and facility upgrades and maintenance to stabilize supply in rural and urban communities. The field is better prepared for project cost estimates using several child care cost calculators (informed by local construction cost indexes and state requirements to calculate

per child costs) in much the same way that the charter school industry calculates project costs.

Despite the needs of families, there are currently no dedicated federal funding sources to support child care supply expansion and upgrades to promote the safety and healthy development of children. It is important to note that there is no one-size-fits-all solution. Child care challenges confronting rural communities differ from issues facing urban communities. Partnerships and delivery mechanisms involving CDFIs and early childhood leaders have met needs across diverse statewide geographies, and we must build off this momentum.

Child Care Facilities Principles

The following principles should guide policies, strategies, and standards for child care facilities investments:

- 1. Child care is an essential workforce support and an essential component of the workforce system.** Investments in child care facilities should be an element of federal, state, and local economic development strategies.
- 2. Child care impacts the healthy development of children.** All children—regardless of socioeconomic status or zip code—deserve a start in life that sets them on a path to achieve their full potential.
- 3. Child care is critical to the economic health and success of local communities and the national economy.** Not only do facilities impact the quality of a child’s experience, but they directly support the needs of businesses and an ever-evolving workforce.
- 4. Child care opportunities, needs and challenges depend on a variety of local, state, and national factors.** Families in rural areas, for example, experience distinct challenges related to factors like population density, limited access to financial services, substandard facilities stock, and a lack of infrastructure investment. Rural needs require dedicated and tailored attention, including the inclusion of child care as part of local economic development plans. The following factors must be included in any plan:
 - **Assessment of Need.** An assessment that documents the current condition, quality, and availability of child care facilities and areas for improvement would be helpful. Recognizing the need at the federal, state, and local levels will help policymakers, providers, and advocates articulate opportunities for improvement and identify the types of resources required.
 - **Access to Funding.** Federal, state, and local governments should identify opportunities to reallocate funds to improve child care facilities in their respective budgets. These improvements and renovations can create spaces that support parent employment and positively impact children’s development.
 - **Technical Assistance and Capacity Building for Early Childhood Providers.** Technical assistance and capacity building must be a core component of the funding strategies for child care facilities. Many child care providers lack the experience or expertise needed to navigate financing and design aspects related to the construction of new facilities or improvement of existing spaces. Similarly, traditional banks and financial entities rarely possess the specialization to effectively serve child care providers. While both CDFI’s and Child Care Resource and Referral (CCR&R) agencies can provide capacity building for these groups, they do not exist in all communities.
 - **Regulatory, Zoning Ordinance, and Building Code Opportunities and Challenges.** A review of challenges created by regulations, laws, and statutes must be completed to help providers access information on regulatory challenges and identify opportunities for overcoming them.
- 5. Home-based child care programs and programs in faith-based settings require infrastructure investments to address facility needs.** To effectively serve children and families, strategies to support facility needs must include specialized resources for home-based child care programs. Family child care providers face numerous challenges to ensure they offer care in a safe and developmentally appropriate physical setting. Local zoning ordinances and regulatory requirements can create barriers.

Regulations such as septic-tank testing, well-water testing, and fencing can be costly and prevent the opening of a home-based program. In suburban areas, an increasing number of home ownership associations are banning the operation of licensed home-based child care programs. In some states, faith-based programs have been able to tap into funds for facility improvements.¹⁸ However, whether faith-based programs are eligible depend on state rules and guidance which varies.

6. **Child care facilities—and the policies that support them—should be flexible and adaptable to account for changes in the workplace, caregiving, and other systems that impact children and families.** One-size-fits-all solutions designed to support workers and their children in an industrial economy will not work in the post-industrial economy of the 21st century. While no one can predict the future, policies that can evolve to meet unforeseeable challenges can be created, strengthen financial health, and focus on stabilizing supply.



Multi-Sector Responsibility for Child Care Facilities

For too long, the physical infrastructure of child care environments has been neglected, and the most recent efforts to fund facilities projects have been nowhere near sufficient. The philanthropic sector, the faith community, the business community, and federal, state, and local governments each play a distinct role and share responsibility in creating and implementing policies that support the acquisition, building, and renovation of child care facilities. Both the public and private sectors should begin to address the challenges of child care facilities by targeting specific issues.

Each of the recommendations below would be helpful in developing a state-wide master plan to promote access to affordable, quality care for working parents:

Cross-Cutting

- Include child care facilities in infrastructure investment and economic development agendas across all levels of government and within private and philanthropic organizations.
- Leverage funds by aligning RFPs, project prioritization, and selection criteria across departments and at various levels of government.
- Include child care facility performance as a component of program quality in surveys or assessments.
- Fund policy, educational, and public health research that explores the impact of child care facilities on child outcomes.
- Support the co-location of housing developments and child care programs for tenants and other families in the community through developer incentives.
- Explore new financing mechanisms for child care facilities across federal, state, and local governments, such as government bonds, flexible capital grants, and revolving loan funds, with a goal of creating capital stacks.
- Fund and provide TA support for providers to leverage resources, utilize best practices, and develop risk mitigation plans that outline maintenance strategies to continuously achieve health and safety outcomes.

Federal Role

- Create a competitive child care facilities innovation fund that would provide flexible funds to states to address facility needs. The facility innovation fund should support flexible capital grants, revolving loan funds, technical assistance, and community collaboration to expand the supply of child care and improve child care safety.
- Highlight opportunities for investing in child care facilities, including pre-development costs related to acquisition, construction, and renovation in Opportunity Zones and Qualified Census Tracts (QCTs).
- Establish incentives to encourage private sector financing and investments in child care facilities.
- Require funding targeted at rural areas to address the needs of child care facilities, particularly for child care programs in home- and faith-based settings.
- Create an information-sharing resource that describes the infrastructure need, program tools, and financial resources, and make this resource accessible to child care providers and community planning agencies.
- Authorize the use of disaster-relief funding for both non-profit and for-profit child care facilities restoration.

State Role

- Identify communities within the state where the potential need for child care far exceeds the available supply.
- Review child care facility inspection reports for health and safety violations; identify facility upgrade needs and tier according to severity.
- Coordinate with local or regional economic development planning agencies to plan for expanding the availability of child care (both center-based and home-based in urban and rural communities).
- Adopt policies that support public-private partnerships and leverage private-sector investments to help child care programs develop safe and developmentally appropriate learning environments.
- Incentivize funding of CDFIs through state capital bills.¹⁹

Seek partnerships with employers to identify ways in which employers can contribute to expanding the supply of affordable child care.

Local Role

- Identify areas with no accessible child care, and include child care in infrastructure investment and economic development agendas.
- Require communities to review local regulatory and zoning ordinances and identify opportunities and obstacles for all child care providers.
- Share data on child care facility needs and funding to statewide child care networks or children's cabinets.
- Adopt policies that support public-private partnerships and leverage private-sector investments to help child care programs develop safe and developmentally appropriate learning environments.
- Seek partnerships with employers to identify ways in which employers can contribute to expanding the supply of affordable child care.

Private/Philanthropic Role

- Include child care facilities as a component of quality programming in early learning agendas.
- Work with community foundations at the local level to provide resources for needs assessments, to support fundraising efforts for child care facility improvements, fund technical assistance, and to leverage endowment, private-sector, or social-impact resources to encourage financing or investments in child care facilities.
- Highlight existing research and develop a research agenda on child care facilities best practices—in both center-based and home-based settings—to drive public awareness, public policy, and publicly-funded initiatives.
- Support policy development, coordination, and funding of a national needs assessment of child care facilities.

1 U.S. Census Bureau, Census Household Pulse Survey, [Employment Table 3](#). Educational Attainment for Adults Not Working at Time of Survey, by Main Reason for Not Working and Source Used to Meet Spending Needs: United States, August 20 – September 16, 2024.

2 Bipartisan Policy Center, [Early Learning Facilities Policy Framework](#), 2018.

3 U.S. Census Bureau, [Table B23008](#), Age of Own Children Under 18 Years in Families and Subfamilies by Living Arrangements by Employment Status of Parents, 2023 American Community Survey, 1-Year Estimates; U.S. Census Bureau, [School-age Children 6-12 Years](#), Public Use Microdata Sample (PUMS), 2023 American Community Survey, 1-Year Estimates.

4 U.S. Census Bureau, [School-age Children 6-12 Years](#), Public Use Microdata Sample (PUMS), 2023 American Community Survey, 1-Year Estimates.

5 U.S. Census Bureau, [School-age Children 5-9 Years](#), Public Use Microdata Sample (PUMS), 2023 American Community Survey, 1-Year Estimates.

6 IPUMS-CPS, University of Minnesota.

7 IPUMS-CPS, University of Minnesota and the Committee for Economic Development (CED) of The Conference Board, [Child Care in State Economies](#), 2024.

8 Committee for Economic Development (CED) of The Conference Board, [Child Care in State Economies, 2019 Update](#).

9 Bipartisan Policy Center, [Child Care in 35 States: What we know and don't know](#), 2021.

10 U.S. Department of Health and Human Services, Office of Inspector General, [Child Care Providers: Compliance with State Health and Safety Requirements](#), 2016.

11 Ibid.

12 First Children's Finance, [Improving Child Care Facilities with Federal Relief Funding. Lessons Learned from the Implementation of the American Rescue Plan Act](#), December 2024.

13 Ibid.

14 Ibid.

15 Ibid.

16 Ibid.

17 Lauretta, J. (2025, January 23). Constructing Costing. Cost Calculators: Tools for the Field and Policymakers. Hillmann Development Advisors.

18 Supreme Court of the United States, *Trinity Lutheran Church of Columbia, Inc. v. Comer*, Director, Missouri Department of Natural Resources, June 26, 2017

19 <https://www.michiganbusiness.org/services/access-capital/cdfi-fund/>

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