COVID-19 Relief to the Child Care Industry: Perspectives from Child Care Directors and Owners Seeking Support

February 2023 | Authors: Karlyn Gehring, Julia R. Henly, Jacqueline Lewittes, David Alexander

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Child Care Equity Study

Research Authors:

Karlyn Gehring
RESEARCH PROJECT MANAGER
University of Chicago, Crown Family School of Social Work, Policy, and Practice

Julia R. Henly, Co-PI
PROFESSOR
University of Chicago, Crown Family School of Social Work, Policy, and Practice

Jacqueline Lewittes
RESEARCH ASSISTANT
Stanford University, Law School

David Alexander, Co-PI
DIRECTOR OF RESEARCH
Illinois Action for Children

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INTRODUCTION

Child care programs played a critical role in supporting families and the economy during the COVID-19 pandemic. The pandemic has also created considerable difficulties for the child care industry and its workforce, which is almost entirely women, and disproportionately low-income, working mothers of color. [1]

At the beginning of the pandemic, many child care programs stayed open and providers were on the front lines caring for the children of essential workers. Other programs closed temporarily or permanently, and workers were furloughed or laid off. Child care businesses simultaneously lost important tuition revenue due to enrollment declines and faced new program expenses related to public health guidelines.

The federal government responded to the immediate economic consequences of the pandemic by passing large federal stimulus packages that included billions of dollars dedicated to the child care industry as well as other business sectors. This report describes how a sample of 76 center- and home-based child care directors and owners in Illinois (referred to as "providers" in this report) learned about and gained access to this governmental financial assistance during the first year of the pandemic. It focuses on two programs run by the State of Illinois and financed through federal stimulus dollars (Child Care Attendance Waivers and Child Care Restoration Grants) as well as a federally run loan program (the Paycheck Protection Program). While the pandemic necessarily shaped many features of the new aid programs and how they were delivered, the insights gained from providers' experiences with accessing this support can help inform government policies in a post-pandemic context.

This report complements a companion report, "Impact of COVID-19 on Child Care Programming and Practices," which focuses on how programs reformed their operational practices to accommodate the new public health and economic challenges brought on by the pandemic.

[1] Austin, L.J., Edwards, B., Chavez, R., & Whitebook, M. (2019, December). *Racial Wage Gaps in Early Education Employment. Data Snapshot.* University of California, Berkeley, Center for the Study of Child Care Employment. https://cscce.berkeley.edu/wp-content/uploads/2022/04/RacialWageGaps-Early-Education-Brief_4-15-2022.pdf

THE PANDEMIC HIT THE CHILD CARE INDUSTRY ESPECIALLY HARD

The COVID-19 pandemic hit the child care industry especially hard.[2] A range of economic challenges, including high rates of job loss, revenue declines, and new operating expenses increased the financial precarity of centers and home-based programs, many of which already struggled financially before the pandemic.

Pandemic-related job loss and resulting unemployment occurred across sectors but was particularly high among child care providers. The Bureau of Labor Statistics estimates that the child care sector lost 170,000 jobs in 2020.[3] As of December 2020, the national child care workforce had shrunk 17% compared to before the pandemic. This rate is three times the national average of declines in employment across sectors during this time.[4] Employment losses were disproportionate among Black and Latino/a child care workers.[5] At the same time that workers were furloughed or laid off, many providers worked throughout the early months of the pandemic to care for the children of essential workers; indeed, child care providers are themselves essential workers.[6]

Enrollment declines led to reduced revenue. Enrollment in child care plummeted in the early months of the pandemic due to a combination of factors including increased rates of parental unemployment and work from home, government-issued stay-at-home orders and mandatory closures followed by classroom and program capacity limits. Parental concerns about the health risks of congregate care settings for their children also led to reduced enrollment. The Illinois Department of Human Services reports a ten percentage point drop in enrollment between Fiscal Year 2020 and Fiscal Year 2021.[7] During the early months of the pandemic, Illinois was one of several states that continued child care subsidy payments at pre-pandemic levels to help programs serving subsidized families meet their overhead costs and stay in business. However, these payments did not recover lost tuition from private-pay families who stopped bringing their children to care.

Child care programs faced new expenses. Child care programs made a range of structural and operational adaptations to their programs to meet new public health guidelines and protect the health and safety of families and staff.[8] For example, staff were no longer allowed to rotate between rooms and had to remain with the same children throughout the day. This put upward pressure on labor costs. Moreover, programs needed to stock up on personal protective equipment (PPE) and regularly deep clean classrooms and other indoor spaces. New expenses also involved infrastructure upgrades such as internet enhancements, room dividers and other expenses associated with maintaining social distancing and cleanliness. Not only did programs need additional PPE and sanitation supplies, but the price of such supplies rose and access became more difficult. The Center for American Progress estimates that costs for centers increased by 47% and costs for family child care providers increased by 70%.[9]

These challenging financial circumstances and stressful work environments that the pandemic brought have heightened concerns about staff shortages due to turnover and permanent exits from the child care sector (INCCRRA, 2022).[10] Studies have also identified concerning pandemic-related effects on the health, wellbeing and financial security of the child care workforce (Doocy, Kim, Montoya, and Chávez, 2021).[11]

2 Workman, S., & Jessen-Howard, S. (2020). *The True Cost of Providing Safe Child Care During the Coronavirus Pandemic.* Center for American Progress. https://cdn.americanprogress.org/content/uploads/2020/09/14054108/COVIDchildcare-brief-5.pdf?_ga=2.207198803.1731223561.1620416653-1995313601.1606474672

3 Gascon, C. S. & Werner, D. (2022, January 13). *Pandemic, Rising Costs Challenge Child Care Industry.* Federal Reserve Bank of St. Louis. https://www.stlouisfed.org/publications/regional-economist/2022/jan/pandemic-rising-costs-challenge-child-care-industry.

4 Ibid.

5 Boesch, T., Lim, K., & Nunn, R. (2021, April). *COVID-19's disruptions disproportionately hit child care workers.* Federal Reserve Bank of Minneapolis. https://www.minneapolisfed.org/article/2021/covid-19s-disruptions-disproportionately-hit-child-care-workers.

6 Center for the Study of Child Care Employment (2020, May 5). *Child care teachers are essential workers – let's treat them that way.* Infographic. https://cscce.berkeley.edu/publications/infographic/child-care-teachers-are-essential-workers-lets-treat-them-that-way/

7 Illinois Department of Human Services. (2022). *Illinois Annual Child Care Report FY2021.* https://www.dhs.state.il.us/page.aspx?item=143704

8 Luna, V., Colt, S., Lee, M., Henly, J. R., and Alexander, D. (2022, August). *Impact of COVID-19 on Child Care Programming and Practices.* Illinois Action for Children. https://higherlogicdownload.s3.amazonaws.com/ACTFORCHILDREN/f8e9848a; Salrin, R., Lee, C., Norton, J., & Whitehead, J. (2022). Illinois Child Care COVID-19 Impact Report. INCCRRA. https://www.inccrra.org/images/datareports/Illinois-Child-Care-COVID-Impact-Report.pdf

9 Workman & Jessen-Howard (2020).

10 Salrin, et al. (2022).

11 Doocy, S., Kim, Y., Montoya, E., & Chávez, R. (2021). *The Consequences of Invisibility: COVID-19 and the Human Toll on California Early Educators.* Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley. https://files.eric.ed.gov/fulltext/ED613905.pdf

THE FEDERAL STIMULUS RESPONSE TO THE CHILD CARE AND EARLY EDUCATION INDUSTRY WAS RAPID AND SIGNIFICANT

The federal government responded to the immediate economic consequences of the pandemic by passing large federal stimulus packages in 2020 and 2021 that provided relief to individuals, businesses, and states. The 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act, the 2021 Consolidated Appropriations Act, and the 2021 American Rescue Plan Act each included billions of dollars dedicated to the child care industry. Specifically, the CARES Act provided 3.5 billion to the Child Care Development Block Grant (CCDBG) and $750 million for Head Start; the Consolidated Appropriations Act included an additional $10 billion in emergency CCDBG funds; and the American Rescue Plan, the most expansive of the three, included $15 billion for CCDBG, $1 billion for Head Start and an additional $24 billion to stabilize the child care industry.

This federal stimulus allowed states considerable discretion in spending funds. State lead agencies could use federal stimulus dollars to reduce family copays and tuition and to help providers cover COVID-related expenses, even if they weren't subsidized or serving children. Such provider expenses included staff salaries, care for the children of essential workers, and costs related to reopening or operating at reduced capacity.[12]

ILLINOIS RESPONDED WITH NEW RELIEF PROGRAMS TO THE CHILD CARE AND EARLY EDUCATION INDUSTRY

Prior to the pandemic, the state of Illinois had made new child care investments to build a stronger child care and early education state infrastructure. When the pandemic hit, Governor Pritzker and his administration publicly committed to expanding available supports and reducing well-known bureaucratic obstacles that impede providers' access to benefits. The state developed a robust infrastructure established through the state's 16 child care resource and referral agencies as well as the Illinois Network of Child Care Resource and Referral Agencies (INCCRRA), which among other services provides support and training for child care providers and the state's provider quality rating system. Through an amended contract with INCCRRA to expand services, the state offered enhanced technical assistance and aimed to distribute stimulus funds quickly and efficiently. The state also simplified application forms for stimulus programs to further encourage all potentially eligible providers to apply for relief funds.

A key aspect of Illinois' relief strategy was to engage a network of stakeholders and improve communication by diversifying its approaches to getting the word out to the child care community.[13] The Illinois Department of Human Services (IDHS), the Department of Public Health, and the Department of Child and Family Services worked with the Governor's office to disseminate information about assistance programs and resources, public health guidance, and emergency licensing rules and regulations. The Governor's office set up COVID-specific webpages on sites related to child care through IDHS and the Governor's Office of Early Childhood Development (GOECD). They also created a Facebook page to communicate information to providers more directly and invested heavily in communication through online webinars, expanded email and social media blasts, and outreach from partner agencies. Finally, they sent memos regarding aid opportunities directly to childcare providers and issued several press releases.

[12] Hardy, A. & Robbins, K. G. (2021, March 10). *Child Care Relief Funding in the American Rescue Plan: State-by-State Estimates.* The Center for Law and Social Policy (CLASP). https://www.clasp.org/wp-content/uploads/2022/01/2021_American-Rescue-Plan-CC-Relief-Funding-State-by-State-Estimates_updated-March-2021.pdf

[13] Administration for Children and Families (2021, June). *Illinois Child Care Restoration Grants Case Study.* https://childcareta.acf.hhs.gov/sites/default/files/public/illinois_case_study.pdf

With federal stimulus dollars, Illinois implemented several financial relief programs to support the child care industry. Early in the pandemic, such programs included emergency stipends to providers who remained open to care for the children of essential workers and attendance waivers that continued payments to subsidized child care providers despite enrollment declines and temporary closures. Illinois followed these programs with Child Care Restoration Grants and, more recently, Strengthen and Grow Child Care Grants to help providers in responding to business disruptions and other pandemic-related challenges.[14] In addition to programs that targeted the Illinois child care sector, child care providers could also access federal programs that were available across industries such as Pandemic Unemployment Assistance and loan opportunities available through the Small Business Administration (SBA). SBA loans included the Paycheck Protection Program (PPP), which offered forgivable loans to small businesses, and the Covid-19 Economic Injury Disaster Loan (EIDL), which offered forgivable $10,000 advances though the rest of the loan was not forgivable.[15] Part of Illinois' technical assistance support was directed at helping providers navigate the process of applying for federal PPP loans.

This report focuses on providers' experiences with learning about and accessing three of the primary assistance programs that child care providers received during the first year of the pandemic: CCAP Attendance Waivers, the Child Care Restoration Grant (CCRG), and the Paycheck Protection Program (PPP) (see Text Box: Program Descriptions below and on the following page).

Program Descriptions

Child Care Assistance Program (CCAP) Attendance Waivers

CCAP attendance waivers allowed providers to continue earning subsidy funds for children who were not physically attending their programs due to the program being closed or operating at a reduced capacity.[16] Before the pandemic, a child on the subsidy program had to meet an 80% attendance threshold for their enrolled days each month for the state to pay the provider in full. The attendance waivers allowed providers to be reimbursed for March 2020 through June 2020 regardless of whether children were attending in person. Thus, the waivers helped to minimize provider income losses when their programs closed or operated at a reduced capacity. To receive an attendance exemption, providers submitted a one-page waiver demonstrating they were not using other federal funds, such as the Paycheck Protection Program, towards the same expenses that their CCAP funds would cover. They were also asked to attest that their staff would not be laid off. In July 2020, the state shifted from a full attendance exemption to a 50% attendance policy, which paid the provider in full when attendance was at or above 50%; however, the state continued to be flexible and allowed providers to submit attendance waivers when they had Covid-19 outbreaks.[17] The state then changed the percentage to a 70% CCAP attendance policy as a permanent adjustment to the pre-pandemic 80% attendance policy.[18] (See Appendix for timeline of attendance policies.) As the state rolled out CCAP attendance waivers, they also made other changes to CCAP policies, such as implementing an automatic six-month extension to CCAP eligibility, increasing CCAP payment rates for programs that remained open to provide emergency child care to children of essential workers, and reducing parent copayments.

14 *Child Care Workforce Bonus.* (2022). Gateways to Opportunity. https://www.ilgateways.com/financial-opportunities/child-care-workforce-bonus

15 The U.S. Small Business Administration website provides information about its different forms of COVID-19 relief options, which have now been discontinued. https://www.sba.gov/funding-programs/loans/covid-19-relief-options

16 *CCAP-Updates.* (2022). Illinois Action for Children. https://covid19.actforchildren.org/child-care-providers/ccap-updates

17 Illinois Department of Human Services. (2020, December 23). *Governor Pritzker Announces Expanded Assistance for Illinois Child Care Providers.* https://www2.illinois.gov/IISNews/22529-Governor_Pritzker_Announces_Expanded_Assistance_for_IL_Child_Care_Providers.pdf

18 Illinois Department of Human Services. (2021, July 7). *06.03.01 - 70% Attendance Rule.* https://www.dhs.state.il.us/page.aspx?item=10862

Program Descriptions, continued

Child Care Restoration Grant (CCRG)

The CCRG was the first major grant that Illinois put into place for center and home-based child care providers as part of its Business Interruption Grant (BIG) program funded by the CARES Act. The CCRG was available to licensed child care programs that were open, operating at reduced capacity and could demonstrate an interruption to their revenue due to new pandemic guidelines.[19] In a press release announcing the grant on July 24, 2020, the state said: "Recognizing that childcare for working families is imperative to the reopening of the state, the [Business Interruption Grants] program dedicates a significant portion for childcare businesses."[20] Four rounds of CCRG funding were made available in 2020 and 2021 with fifth and sixth extension rounds released in 2022 (funded through subsequent federal stimulus relief packages).[21] Across the rounds, specific eligibility criteria changed, although the purpose continued to focus on supporting providers' economic health and stability. After receiving an initial grant, providers could apply for further rounds by including a budget detailing how they spent grant funding in the previous rounds. Providers who received a new funding source, the 2022 Strengthen and Grow Child Care Grant, were not eligible for the CCRG in the later rounds. (See Appendix for timeline of the CCRG rounds.)

Paycheck Protection Program (PPP)

While not unique to Illinois, many child care providers took advantage of the federal PPP in the first year of the pandemic. This program was designed to support small businesses by assisting them in paying their staff even when they were temporarily closed or operating at a reduced staff capacity. The Small Business Administration administered the PPP to businesses across industries from April 2020 to August 2020 and January 2021 to May 2021. (See Appendix for timeline of PPP rounds.) Licensed providers could apply for a PPP loan for up to 2.5 times their payroll costs, which was forgivable either fully or partially if the provider met certain conditions related to keeping employee payroll counts and wages stable during the time period covered by the loan and using at least 60% of their loan towards payroll. In addition, the loan could cover rent, interest, and utilities related to the business.[22] Providers applied for PPP loans directly through banks that ultimately determined whether providers received the loan and how much they were awarded.

[19] Administration for Children and Families (2021, June).

[20] State of Illinois. (2020, July 24). *Pritzker Administration to Provide $270 Million in Assistance for Child Care Providers Throughout Illinois.* Illinois.gov https://www.illinois.gov/news/press-release.21861.html

[21] *Strengthen and Grow Child Care Grants.* (2022). Gateways to Opportunity. https://www.ilgateways.com/financial-opportunities/strengthen-and-grow-child-care-grants

[22] Bhatt, N., Vira, B. N., Carson, P., Ramo, J. & Baranovic, M. J. (2021, January 5). Updated: The Reauthorization and Revival of the Paycheck Protection Program and Economic Injury Disaster Loan Program under the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act. *National Law Review.* https://www.natlawreview.com/article/updated-reauthorization-and-revival-paycheck-protection-program-and-economic-injury; Rothenberg, P. V., Hicks, J. C., & Few, S. (2020, April 10). "The Paycheck Protection Program in Action: Questions About Loan Application Risks". *National Law Review.* https://www.natlawreview.com/article/paycheck-protection-program-action-questions-about-loan-application-risks; An example application form for the PPP can be found at: https://www.sba.gov/document/sba-form-2483-ppp-first-draw-borrower-application-form

RESEARCH QUESTIONS

1. What pandemic-related assistance programs did child care program directors and owners apply for and receive?
2. What were providers' experiences with applying for and using pandemic-related assistance programs?
3. Were there systematic differences in the experiences reported by home-based and center-based providers or by their location?

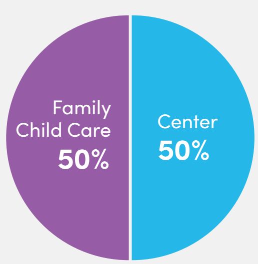
RESEARCH STUDY

Who we interviewed

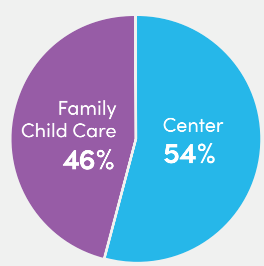
We chose providers for the study using a targeted sampling strategy to achieve some representation across each of the following factors: region and location, provider type (center, licensed family child care home), program response to stay-at-home-order (open, closed), non-profit status, program size, quality rating, and percentage of CCAP clientele.

We interviewed licensed child care program directors and owners serving families with diverse caregiving needs. All programs served at least some families enrolled in the Child Care Assistance Program (CCAP) at some point prior to the pandemic. In total, 39 child care center directors and 37 family child care (FCC) owners participated in the study.[23] The interviews were conducted in English (69) and Spanish (7) according to the preference of the participant. The programs were located in two Service District Areas (SDAs) of Illinois: SDA 6 Cook County (25 centers, 25 FCCs) and SDA 10, a six-county region in downstate Illinois that includes Iroquois, Macon, Piatt, Champaign, Vermilion, and Douglas Counties (14 centers, 12 FCCs). In Cook County, the sample included programs located across the south, west and north sides, including both the city and surrounding suburbs of Chicago. In SDA 10, the sample included programs in four of the SDA's six counties. Most SDA 10 providers interviewed were located in Champaign County (n=18).

SDA 6 Cook County Providers, n=50



SDA 10 Providers, n=26

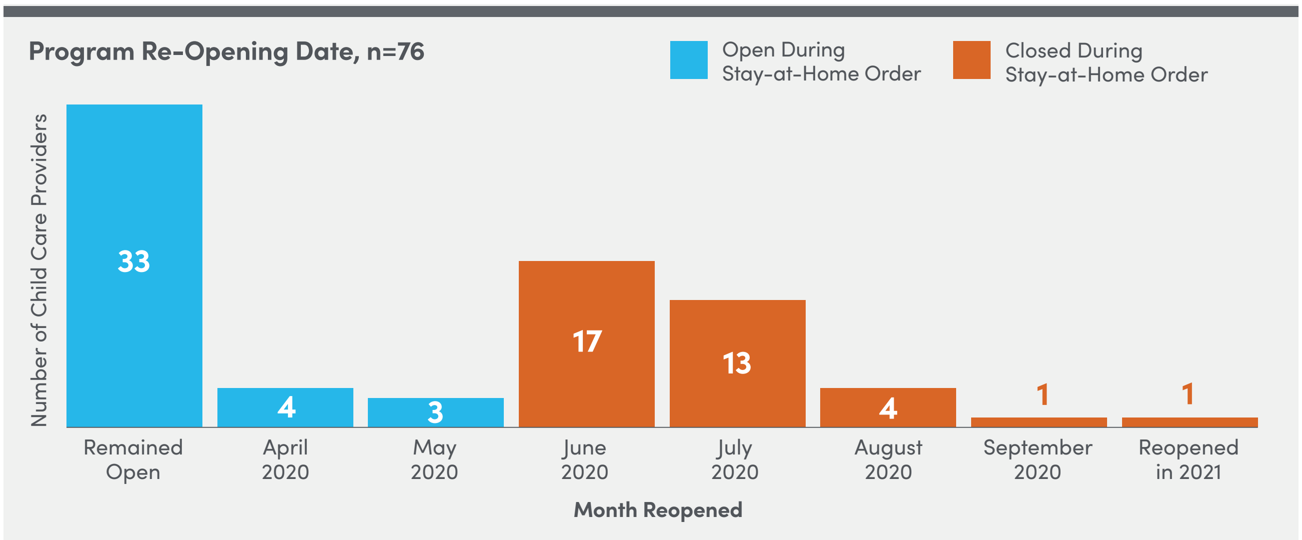


[23] Due to recording errors, 2 of the 76 interviews were unusable, resulting in a total sample of 74 interviews.

	Child Care Centers (n=39)			Family Child Care Homes (n=37)		
	Cook County (n=25)	SDA 10 (n=14)	**Total**	Cook County (n=25)	SDA 10 (n=12)	**Total**
Reopening Status						
Closed during SAHO	14	7	**21**	13	2	**15**
Open during SAHO	11	7	**18**	12	10	**22**
Location						
Cook: Southside	6	N/A	**6**	13	N/A	**13**
Cook: Westside	7	N/A	**7**	5	N/A	**5**
Cook: Northside	12	N/A	**12**	7	N/A	**7**
SDA 10: Urban	N/A	7	**7**	N/A	7	**7**
SDA 10: Rural	N/A	7	**7**	N/A	5	**5**
Program Size[a]						
Small/Medium	17	8	**25**	N/A		
Large	8	6	**14**			
Child Care Home	N/A			19	12	**31**
Group Home				6	0	**6**

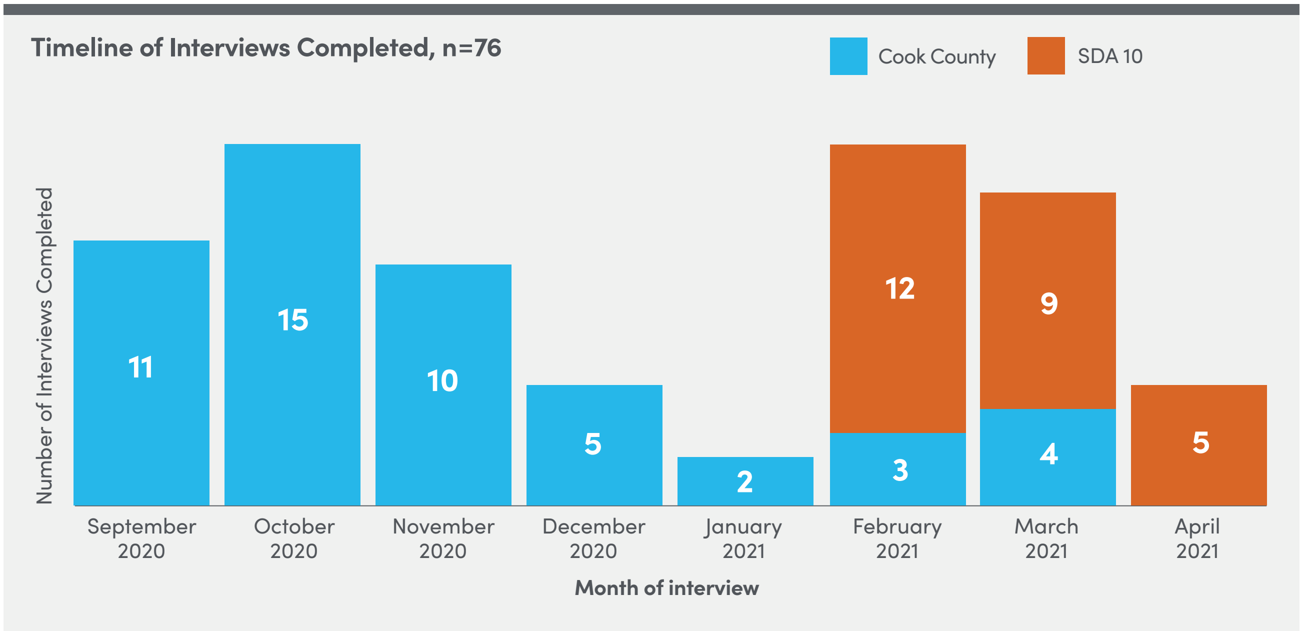
[a] Small: 1-49 children; Medium: 50-99 children; Large: ≥100 children

Forty directors/owners cared for the children of essential workers during the during the stay-at-home order (SAHO), and all but one of the remaining 36 programs that had temporarily closed during the SAHO had reopened by the time of our interview.[24]



Interviews were fielded in two phases: Cook County (September 2020 and March 2021) and SDA 10 (February to April 2021). The experiences participants described were undoubtedly shaped by the timing of the interview. The interviews with Cook County providers took place at the early stages of the pandemic. These providers not only had a shorter window on which to report their experiences than providers interviewed from SDA 10, but they also had less time to learn about the different relief programs or adjust to operating their program during the pandemic. Even so, by the time we interviewed them, almost all programs in both Cook County and SDA 10 had received at least some COVID-related government assistance during the pandemic. These providers typically took advantage of the CCAP attendance waiver, one or more cycles of the Child Care Restoration Grant, the Paycheck Protection Program, and in the case of providers caring for the children of essential workers, the emergency child care stipend.

[24] Center directors who remained open in March (after a mandatory 2-week shut down) or reopened in April or May were required to apply for an emergency license to provide care. Home-based providers were not required to apply for an emergency license to provide care.



The information we gathered

Each of the 76 program directors/owners participated in a brief, 10-minute survey over the phone, followed by an in-depth interview, typically lasting 60 minutes. The interviews were conducted via the online video Zoom platform. Interviews focused on the experiences of program directors/owners as they navigated the pandemic, including their experiences with federal and state COVID relief programs and how their program's operational practices and curricula adapted to the pandemic; this latter information is reported in our companion report.[25]

FINDINGS

I. Most Programs in Our Study Received Public Benefits

The vast majority of programs in our sample received at least one form of pandemic-related government assistance. Providers reported that this relief was critical to their ability to pay their staff and to remain open or reopen during the first year of the pandemic. Even so, providers continued to report financial vulnerability. Most providers reported that they were financially unstable even after receiving government aid and six said they needed to dip into personal savings to remain in operation. Some providers relied on non-governmental sources of supplemental support, for example from non-profit organizations, friends or coworkers, families or other community sources. These supports were typically in-kind rather than in the form of cash. Only about one quarter of the sample said they felt they were doing okay financially at the time of the interview.

For many providers, the pandemic exacerbated financial struggles they experienced before the pandemic. Some of these providers said the pandemic made their program's finances highly precarious while others offered anecdotes to show they were well practiced at weathering financial hardships and finding ways to get by during difficult periods. Across programs, the challenges with accessing aid sometimes fell hardest on those who were already struggling financially and had less capacity in terms of time, knowledge, and resources to successfully navigate the assistance landscape.

Of the 76 providers we interviewed, only 5 reported that they did not apply for or receive any form of pandemic government assistance. Two others responded inconclusively when interviewers asked about programs they applied to. Those that did not apply for pandemic-related assistance cited reasons related to lack of knowledge

[25] Luna, V., et al. (2022, August).

about the programs or their eligibility, uncertainty about the future of their programs, and concerns about potentially needing to pay back the funds. Many were concerned that they might not be able to stay in business even with the relief and that they had too few kids to remain in operation. One home-based provider in Cook County also mentioned that she didn't apply for any programs because she didn't feel her program needed it as much as others. She "didn't want to open a can of worms" unless she reached a point where her program couldn't manage without the assistance.

In contrast, several providers reported applying for and using multiple government relief programs during the first year of the pandemic. Some said that they applied for and received these programs in succession to cover costs at different points across the first year of the pandemic while others received them simultaneously. Fourteen of the 76 providers we interviewed reported that they applied to all three main programs (CCAP attendance waivers, CCRG and PPP), and 13 of the 14 confirmed having received all three forms of aid. These numbers are likely an underestimate since the qualitative interviews did not systematically probe for experiences with each program. Additionally, some providers may have applied for and used programs after our interview took place. It is further important to use caution in generalizing the prevalence of program use from this report given that this study draws from a nonrepresentative sample of centers and family child care homes from two regions of Illinois.

In the remainder of this report, we summarize providers' experiences with applying for and/or receiving three forms of aid most commonly discussed in interviews: the CCAP attendance waivers, the CCRG, and the federal PPP loan respectively.

II. The Child Care Assistance Program (CCAP) Attendance Waivers

We interviewed providers after the CCAP attendance waiver had shifted from covering all children regardless of attendance to mandating a 50% attendance minimum. We asked providers about their experiences with applying for and using the attendance waivers. We also asked how the expiration of the attendance waiver policy at the end of June 2020 impacted their programs.

More than 75% of the providers we talked with had used the CCAP attendance waiver. We found no substantial differences in use by either program type (home versus center) or region (Cook County versus SDA 10). Overall, providers had a positive evaluation of the waiver program, though when asked about assistance on the whole, they were often quicker to name the impact of support from other programs, such as the Child Care Restoration Grant, as vital to their program's ability to operate. The limited discussion of the CCAP attendance waivers may have been an artifact of our study timing, given that we interviewed participants after the full attendance waiver had expired and the 50% attendance policy was in place. During the time we interviewed participants, the state was lifting classroom capacity caps they had enacted during the earliest months of the pandemic and children were starting to attend more regularly such that some programs no longer needed the full attendance exemption policy.

Providers shared that they had limited bureaucratic challenges with applying for or receiving the CCAP attendance exemption. As one provider described, "We just had to fill out extra forms and to submit with our certificates. But other than that, it was pretty easy. There was no delay. They were on top of that" (Cook, FCC). This provider, like others in our sample, also noted that despite the waivers that kept their CCAP revenue constant, their overall revenue was still reduced due to losing cash-paying clients that weren't covered by CCAP.

Many providers said that the expiration of the CCAP attendance waiver policy had little effect on their program since the children they had on CCAP were attending their program again by the time the policy expired or because they had few children receiving CCAP. Other providers reported that they believed the waiver policy ended too soon. These providers lost revenue after the policy expired because children still had not returned to their programs due to ongoing capacity restrictions or families' changing demand for care during the pandemic. Providers also reported frustration that they could not continue receiving CCAP payments for children who were participating in remote activities that the provider offered but were not attending in person.

> **"[The CCAP attendance waiver] is not affecting me now because everybody's back. But you have to think about it, when I opened back up, and I can only watch six kids, and my roster was full at 16. That's 10 kids I wouldn't have been able to count if they didn't do the attendance exemption form. And that's a lot of money there."**
>
> *— SDA 10, FCC*

> **"So the CCAP payments stopped, I want to say in July, we had some struggles with recouping because the children have to be inside of the building in order to receive payments. So for children who were once CCAP approved, but are like e-learning or those children who aren't back yet, we don't receive payment for any of those children. So our CCAP payments have drastically reduced. ...at this point, we're just trying to increase the enrollment the best way that we know how. We're gonna take a hit."**
>
> *— Cook, Center*

Two providers said they decided to reopen their programs when the attendance exemption expired since they would no longer be paid without returning to in-person care. Several other providers said the policy's expiration led them to apply for other forms of government aid, such as the PPP, to cover the costs of low enrollment. Even after the full attendance exemption expired, one provider offered a positive review of the state's generosity and continued flexibility with attendance rules. She said, "They would normally go [pay in full] at 80% attendance... they are going at 50. I mean, they've been [helping] above and beyond" (SDA 10, FCC).

Despite the relative ease of submitting the waiver form, several providers emphasized that many of the longstanding challenges they had experienced with CCAP before the pandemic persisted. For example, providers reported that the state was frequently delayed in sending out monthly CCAP payments. Some commented that it took even longer to receive payments after the pandemic began, while others said it was a little faster than usual. While many providers did not need to communicate directly with the CCAP office, those who did noted longer-than-usual wait times for receiving information. They also said it was difficult to get in touch with anyone since program staff were working remotely.

Providers who reported communication challenges often did so in the context of situations in which they were attempting to add additional children to CCAP or renew their CCAP eligibility after the state's auto-redetermination policy of April 2020-June 2020 expired (IDHS).[26] While these applications are not directly tied to the attendance waiver process and are the responsibility of parents rather than providers, providers nevertheless rely on parents to complete the application and recertification processes in order to receive payments. Due to delays in parents' paperwork, providers reported that they sometimes watched children without any reimbursement. These are longstanding problems with which providers who serve CCAP families are familiar, yet some providers described them as particularly consequential during the pandemic.

[26] Illinois Department of Human Services Office of Early Childhood, Bureau of Subsidy Management. (2020, July 24). *Changes Effective in July 2020.* Memo. https://ywcachicago.org/wp-content/uploads/2020/07/July-1-2020-Changes-to-CCAP-Memo.pdf

Aside from communication challenges with the CCAP office, another issue some providers highlighted was how the attendance exemption policy interacted with other government programs. For example, providers receiving the attendance waiver had to attest that they would use any aid received from the PPP or Pandemic Unemployment Assistance towards expenses other than those covered by CCAP payments. Some providers found it burdensome to document these expenditures across all public support programs. In some cases, the requirement also caused confusion about providers' eligibility for multiple forms of aid. One provider who had received the PPP described a negative experience of needing to go back and forth with the state in order to get their CCAP funding even though they had a financial need for both forms of aid. "I felt like you're in the lunch line at school and you got a piece of pizza, but you also want some chicken nuggets, and you get to the chicken nuggets side, and they say, 'Oh, you can't have any chicken nuggets because you got pizza.' But you have a taste for both of them" (Cook, Center). The perceived need to choose between the CCAP attendance waiver and the federal PPP was a reason that some providers chose to apply for just one of these two programs even when they were eligible for both, though some did successfully receive both.

A main reason providers went without the CCAP attendance waivers was because the policy did not impact them. These providers said they currently served few to no children on CCAP or that their children who were on CCAP were already attending full time. Other less common reasons providers cited for not using the waivers were concerns that the policy might have hidden "strings attached" that would impact them down the road as well as ethical concerns about drawing government funding to cover families they weren't actually serving. As one provider stated, "I thought it was being, um, I'm not gonna say dishonest, but the kids was not here. So why get paid for the kids if they wasn't here?" (Cook, FCC).

III. The Child Care Restoration Grant (CCRG)

Of the 73 providers who discussed the CCRG during their interview, 51 (70%) said they applied for it. Among those who applied, 47 providers confirmed that they had received it and a few were either unsure or were still waiting to hear back. Only one provider reported that their application had been denied (due to ineligibility for the grant). While the majority of center and home providers in our study both in Cook County and SDA 10 had accessed at least one round of the CCRG program at the time we had interviewed them, centers were more likely to have done so, especially in Cook County. A statewide survey that INCRRAA conducted during the Spring and Summer of 2021, just after the present study, found slightly higher rates of CCRG receipt (80% compared to 70% in our study), but it similarly found that centers received the grant at somewhat higher rates than home providers.[27]

Since the CCRG was Illinois' largest source of aid targeting child care programs at the time of our interviews, we systematically asked providers questions about their experiences with learning about and applying for the program. Most providers reported that they received assistance with the application. They commonly cited a state-sponsored webinar that walked providers through the process as an important support in accessing the grant. They also listed coworkers and representatives from INCCRRA and Illinois Action for Children, the Child Care Resource and Referral agency for Cook County, as two critical sources of application support.

While most providers reported that applying for the grant was not challenging and that they received aid promptly, several did discuss difficulties with providing the information on program expenditures and budgets that was required for receiving additional rounds of the grant. As one provider described, "The application in and of itself wasn't difficult. It was the reporting of how that money was spent each month…no [clear] guidelines. There were…certain things you [could use] for the grant, but you couldn't use other things…that was just a little bit confusing." (SDA 10, Center). This provider further went on to explain how pandemic conditions made it more difficult to get questions about the aid answered.

[27] Salrin, et al. (2022)

The CCRG was administered through the Illinois Gateways to Opportunity website, an online portal administered by INCCRRA that providers also used for other business-related tasks such as online trainings required for licensure. Many providers reported that the online portal streamlined the process and made it simple to participate since they were already familiar with the platform. They also said that the portal included all required paperwork and pre-filled some of their information which reduced the application burden. Other providers noted challenges with the technology, such as the site having trouble receiving uploads or the fact that the website kept crashing when it first opened for applications and was receiving a high volume. However, providers mostly reported that they were able to get issues resolved quickly.

> **"I don't think they expected everybody to apply that applied, and I think ... everybody went in, and it crashed. Then everybody was calling, so you know what happened to the phone lines, right? You didn't get a hold of anybody. They sent out a message, and they got it working as fast as they could, so it was all good."**
>
> *— SDA 10, FCC*

Providers described that they primarily used the grant to cover payroll in addition to rent and utilities, PPE, and other supplies they needed to help reopen and stay afloat. Providers were largely positive about the grant and noted that the relief was critical to their programs. "It was really a big help and honestly if we hadn't received that grant, I don't know if I would've stayed open," said one Cook County home provider. Many providers across program types and locations shared this sentiment, saying that they would not have the revenue to cover basic expenses such as salaries and rent without the program.

Providers who did not use the CCRG cited reasons such as lacking information about the program or how to apply, believing that they might be ineligible or concerns about the financial responsibility of accepting such funding. Some providers simply felt too uncertain about the future of their program to apply for aid that was contingent on remaining in operation. Finally, in a few cases, providers reported that they did not apply for the CCRG because they felt that providers who were struggling more than they were should receive the funding.

IV. The Paycheck Protection Program (PPP)

Several providers volunteered information about the PPP, although we did not directly query their experiences with PPP application or receipt as we did about the CCAP attendance waiver and CCRG. When we asked participants to discuss "other government assistance" that they had applied for to help their businesses during the pandemic, the PPP came up as the most common source of aid beyond the CCAP attendance waiver and CCRG. Approximately 50% of those we interviewed said they applied for the PPP and most who applied did receive a loan. Most center and family child care providers we interviewed were likely eligible for the PPP, but whereas 70% of centers reported that they applied for the loan, less than one-fourth of family child care homes did. Surveys INCCRRA conducted just after the present study also found that centers used the PPP program more than FCCs did, but found slightly higher rates of FCC receipt than did our study.[28] A lack of awareness about the loan program may have been a reason for not applying. However, data limitations make it impossible to ascertain the extent of program knowledge.

Our interviews illuminated higher levels of administrative burden with the PPP than for either the CCAP attendance waiver or the CCRG. While providers' experiences with the PPP varied as they did for other programs, providers reported needing to rely heavily on pre-existing relationships with an accountant or bank to complete

[28] Salrin et al., 2022

the PPP application. Some center providers also reported that their umbrella organization had completed the application on their behalf. While those with strong pre-existing relationships with professionals who knew their finances and budgets reported that the process was relatively simple, those without such connections reported high rates of frustration. “Thank God I have an excellent accountant, and he will answer my phone calls, even on a Sunday” one center provider in Cook County said. “[My accountant] helped me a lot because I would not be able to maneuver through all that stuff.” Some providers who received this support directly commented that they thought it would be difficult for other providers to access the funds, raising questions of fairness in the application process. A few providers also noted insufficient support as a reason they didn’t apply.

For providers without strong connections to banks or finance professionals, it often took persistence, including multiple attempts with different banks, to be successful. These providers noted difficulties in finding a lending institution that would approve their PPP loan and one commented that they had to try three lending institutions before successfully securing a loan.

While most providers who reported applying for the PPP ultimately received a loan, some said the loans they received were smaller than the amount for which they had applied. “So, it wasn’t enough money, I mean I was appreciative of it, but it wasn’t, I mean, it’s like throwing a dog, not a bone but a crumb (…) I can only speak for me, for me it didn’t help a lot” said one Cook County center provider. It is important to recognize, however, that prior research indicates that PPP loans were, on average, larger than CCRG grants, although the total loan amount may have been insufficient or less than the recipient expected.

Other providers contended that the PPP program was unfair given the vastly differing loan amounts awarded. As one provider stated, “I’m a small business owner, I have four employees, which I had to let go because of funding. So, you have major companies out here that’s getting 1.2 million and some of the major companies didn’t even need the money. But here I am a small business owner that needed the money and couldn’t get a fraction of what they had (…) I received the funds I just didn’t receive enough” (Cook, FCC). In comparing her situation as a child care provider to small businesses in other industries, this provider highlights a fairness issue that did not arise with the industry-specific funding for CCAP attendance waivers and the CCRG. Such comments that indicated a perceived lack of fairness with the PPP were especially prevalent among family child care providers and smaller centers who felt that the program was biased towards larger centers and other industries and that it often depended on who you knew in order to receive help in the process.

Finally, the PPP program was associated with significant uncertainty and confusion among providers in our study. Providers reported confusion about the terms of the loan, the risk involved with taking on a loan, and as previously discussed, program interactions that they feared would preclude them from receiving other forms of government aid. Specifically, several providers explained that they were confused about whether or not they would be eligible for loan forgiveness. Some said this was because they did not have enough information about the terms of the program’s loan forgiveness rules and felt uncertain about the risks involved.

> **“It wasn’t really clear, like, okay well if you get this, you won’t have to pay it back up. But [then it was like] you might have to pay it back [or] you might not have to pay it back. And it was like, okay, I don’t want to take on more debt than I can handle, like I already have student loans.”**
>
> *— Cook, FCC*

For others who reported understanding the terms of PPP loan forgiveness more clearly, the concern was about the risks involved with using the program and uncertainty about whether they would remain eligible for that loan forgiveness. These providers were unsure of their future as a child care business even with the loan support and were concerned that they would have to pay back the loan if they could not meet the payroll requirements. One provider commented, "I didn't want to take on a whole loan without even being able to say that, 'You know what, in six months down the line, I'll actually still ...be open.' Right? So, it's like taking out this loan and what's since been very unpredictable." (Cook, Center). While some providers who cited these risks and hesitancies chose not to apply for the PPP, others who shared these feelings decided that receiving the aid was worth the risk.

Some providers reported choosing other forms of aid over the PPP because of the risks perceived with the PPP. Others reported that they did not apply for the PPP at all because of concerns about potential negative repercussions in accessing multiple relief programs. As one provider described, "When we realized that IDHS was going to continue paying and they were going to pay for the kids registered with them even if they weren't coming [referring to CCAP attendance waiver], things were a bit tight, but we could manage the things without extra loans because I wasn't certain about how I was going to pay them back" (Cook, FCC). Still, our interviews do show that despite these concerns, many providers who accessed the PPP applied for and received other forms of assistance at the same time.

CONCLUSION

During the first year of the COVID-19 pandemic, licensed family child care programs and centers in Cook County and the Urbana-Champaign region used a range of government supports made available through federal and state stimulus funding. Child care attendance waivers and grants such as the Child Care Restoration Grant were two critical state programs that directly supported child care programs in Illinois. The federal Paycheck Protection Program also supported programs by providing forgivable loans. Our findings indicate that such financial support was critical to the survival of child care and early education programs and allowed Illinois' working families to continue receiving child care while parents worked. Studies in other states similarly find that pandemic-related stimulus funding has served as essential support to child care and early education programs.[29]

Based on interviews with 76 directors and/or owners of licensed centers and family child care homes, we conclude that Illinois' effort to provide emergency financial support to providers quickly and with limited administrative hassle was relatively successful. Study participants noted the general ease with which they learned about programs and found that applications were less burdensome than prior experiences with government programs. The integration of child care attendance waivers into the CCAP payment system was an especially simple and efficient approach to supporting child care businesses during this time. Providers underscored that the government support they received was critical to keeping their businesses afloat, especially during the early months of the pandemic. Nevertheless, participants still reported experiencing some uncertainty and some administrative hassle, particularly in regard to accessing technology, getting answers to case-specific questions, and complying with reporting requirements of programs.

While providers reported relatively positive experiences with accessing Illinois-specific programs, their perceptions of the federal PPP program were somewhat more varied and critical. Several providers reported not only considerable difficulties learning about and understanding PPP eligibility requirements, but also significant challenges accessing PPP assistance, citing insufficient connections to financial institutions and concerns about program complexity, bureaucratic hassles and fairness. Still many providers did enroll in the PPP program and reported that it was a critical part of their ability to remain financially viable. The somewhat more positive experiences providers reported with accessing state-specific programs as compared to the federal PPP are likely due to the state's concerted efforts to improve communication and simplify application

[29] Smith, L., Anubhav, B., Grace, R., & Mousumi, S. (2022, September). *Covid-19 Relief Bolstered U.S. Child Care Programs in Crisis.* Bipartisan Policy Center and the Early Childhood Initiative. https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2022/09/BPC_Covid19-Relief-Brief_R04.pdf

processes in the programs it directly administered.[30] Furthermore, the state-specific programs targeted child care programs directly in contrast to the PPP, which was available across industries. This may have impacted how child care providers experienced program communication and fairness.

Of particular concern for some providers was a general lack of understanding regarding how the diverse array of stimulus relief programs interacted and whether participation in one program disqualified a provider from enrolling in another program. There was a perception among some participants that enrolling in multiple programs might be forbidden or lead to financial burdens or penalties in the future. This belief not only led some providers to forgo applying for aid they may have been eligible for, but it also appeared to breed confusion and mistrust in the system.

In our targeted, nonrepresentative sample of providers, we did not see notable differences between the Cook County and SDA 10 providers we interviewed in regard to knowledge or use of government aid. Differences between child care centers and family child care homes were also few, though use of specific programs did vary by provider type. In particular, centers in our sample were more likely than family child care homes to access both the Child Care Restoration Grant and the Paycheck Protection Program. Given limitations in this study sample, it would be instructive for future research to examine the awareness and prevalence of program use in a representative sample of center- and home-based providers across Illinois.

Timing also matters in the interpretation of results both for this study and others conducted since the pandemic began. Providers' situations and the environment around them have changed since we interviewed them over a year ago. For example, our data were collected before some of the reduced capacity requirements and other pandemic-related mandates were lifted and before more recent forms of aid, including the 2021-22 Child Care Workforce Bonus and the 2022 Strengthen and Grow Child Care Grants, were implemented. It will be important for future research to query providers and program directors about how they have experienced Illinois' ongoing attempts to improve communication, simplify the process of accessing assistance, and provide financial and technical support for child care programs. Such investigations will reveal policy-relevant knowledge such as how early stimulus spending contributed to stabilizing the child care industry and how financial supports, some of which are funded through pandemic-related stimulus grants, might be made permanent as part of the state's strategy to strengthen the quality and availability of high-quality child care and early education.

In broader policy discussions focused on building a healthy economy, the pandemic has drawn renewed attention to the critical role that the child care and early education industry plays in maintaining parental employment and supporting children's education, health, and development. The pandemic has placed enormous pressure on the child care workforce and the nation's poorly resourced child care infrastructure, underscoring the financial fragility of the child care and early education system. Given that child care providers are disproportionately low-income women of color, success for the industry is inextricably tied to increased racial, gender and economic equity in the workforce.

The pandemic has brought renewed attention to these social inequities in a system that has long been in crisis. This affords the opportunity to use the pandemic as a policy window for more substantial and equitable public investment in the child care and early education industry moving forward. Illinois, along with other states, relies heavily on federal dollars to fund relief efforts but without clarity on the duration of new resources, child care and early education programs are left without knowing how to plan for the future or how to invest in longer-term solutions to sustain a precarious child care system. Thus, it is critical that states identify ways to translate these emergency funds into permanent investments with ambitious goals to not just stabilize, but greatly improve our child care and early education infrastructure. A successful approach would include a package of bold and broad-based financial and technical supports that are carefully integrated into the existing child care system, equitable investments in our teachers and caregivers, a commitment to simplified eligibility and participation practices, and a multi-pronged and wide-reaching communication strategy with particular attention to underserved and under-resourced populations.

[30] Illinois did offer some technical assistance to providers applying for PPP; however, none of the providers in our sample reported using this assistance.

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APPENDIX

I. Timeline of CCAP Attendance Waivers

Dates	Policy	Funding and Administration
Before March, 2020 (pre-pandemic)	Providers were paid in full for children on CCAP when their total CCAP attendance rate was 80% or higher.	Administered through IDHS in partnership with local Child Care Resource and Referral Agencies. Funded through state funds, Temporary Assistance for Needy Families (TANF) and the federal Child Care Development Block Grant (CCDBG). The Federal CARES Act contributed additional funds to CCDBG as well.
March, 2020 – June, 2020	Full attendance exemption. Providers were paid in full for children on CCAP regardless of their total CCAP attendance rate or whether they were open for in-person care. To receive payments they must submit a 1 page waiver form.	
***July 2020 – June, 2021**	Providers were paid in full for children on CCAP when their total CCAP attendance rate was 50% or higher. Providers must be open for in-person instruction to receive any CCAP payments. Attendance exemptions could be requested if attendance rates were lower than 50% due to Covid-related reasons.	
July, 2021 – present	Providers were paid in full for children on CCAP when their total CCAP attendance rate was 70% or higher as a permanent adjustment to the pre-pandemic 80% attendance rule. Other pre-Covid attendance rules resume including the waiver policy for extenuating circumstances (such as a COVID outbreak in classroom).	

*Indicates policies that were in effect during the time that providers in this study were interviewed. NOTE: This information is gathered from multiple documents available on the IDHS website.

II. Timeline of Child Care Restoration Grant (CCRG) Funding Rounds[31]

Program Year	Program Round	Funding and Administration
CCRG 2020	*__Round 1:__ July–August 2020	Administered by INCCRRA. Funded by the federal CARES Act Coronavirus Relief Fund.
	*__Round 2:__ October 2020	
	*__December Round:__ for centers only since homes were allowed to operate at full capacity.	
CCRG 2021	*__Round 1:__ January–March 2021.	Administered by INCCRRA but funds flow through IDHS. Funded by the federal Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act.
	*__Round 2:__ April–June 2021.	
	Round 3: July–September 2021. Programs were paid based on program's capacity on July 1st.	
	Round 4: October–December, 2021.	
CCRG Extension 2022	**Round 5 CCRG Extension:** January–June 2022. Programs who accepted extension were not eligible for 2022 Strengthen and Grow Child Care grant.	Administered by INCCRRA but funds flow through IDHS. Funded by American Rescue Plan Act (ARPA) Stabilization funds.
	Round 6 CCRG Extension: July–December, 2022. Programs who accepted the extension were not eligible for 2022 Strengthen and Grow Child Care grant.	

*Indicates that this round of funding was available for application at the time providers in this study were interviewed.

III. Timeline of Paycheck Protection Program (PPP) Funding Rounds[32]

Program Round	Funding and Administration
Round 1: April, 2020. Funds allocated for the program were exhausted after two weeks.	Administered by the Small Business Administration (SBA). Funded by the federal CARES Act.
*__Round 2:__ April, 2020–August, 2020.	Administered by the Small Business Administration (SBA). Funded by the federal Paycheck Protection Program and Health Care Enhancement Act.
*__Round 3:__ January 2021–May, 2021. Program establishes second draw loans for those who already received one PPP loan in addition to first draw loans for those who had not yet received a loan. Program ended when the allocated funds were exhausted.	Administered by the Small Business Administration (SBA). Funded by the Consolidated Appropriations Act, 2020 (CAA) and the American Rescue Act.

*Indicates that this round of funding was available for application at the time providers in this study were interviewed.

31 *Child Care Restoration Grants.* (2022). *Gateways to Opportunity.* https://www.ilgateways.com/financial-opportunities/restoration-grants

32 *Paycheck Protection Program.* (nd). U.S. Small Business Association. https://www.sba.gov/funding-programs/loans/covid-19-relief-options/paycheck-protection-program; Wade, T. (2021, June 1). *Tracker: Paycheck Protection Program Loans.* American Action Forum. https://www.americanactionforum.org/research/tracker-paycheck-protection-program-loans

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