

The Impact of COVID on Illinois' Licensed Child Care Capacity

INTRODUCTION

Affordable, high-quality child care is often difficult for parents to find. Illinois is no exception. Child Care Aware reports that the average monthly price of full-time child care was \$821 per child in child care or 15% of the median household income for a family with children under 6 in 2020.¹ The U.S. Bureau of Labor Statistics notes that access and affordability issues long pre-date COVID and are due to “generations of underinvestment in the care economy.”²

A June 2020 *Policy Spotlight* discussed the potential impact of the pandemic on child care availability in the short and long runs and the extensive federal support relevant to the child care industry in the Coronavirus Aid, Relief, and Economic Security (CARES) Act that could mitigate against these effects.³ In the few months between the onset of the COVID crisis and June 2020, providers reported that they were under severe-to-untenable financial strain. In many states, stay-at-home orders were followed by a year or more of capacity limitations, social distancing requirements, and other expensive COVID mitigation strategies, while family and staff quarantines and fear of illness continued to threaten provider revenue. The *Spotlight* predicted that the impacts of COVID on child care capacity were potentially large, possibly long-lasting, and could tilt the mix of providers away from large child care centers towards small day care home operations.

This second *Policy Spotlight* on child care assesses the impact of COVID on child care capacity in Illinois. Capacity is defined as the maximum



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number of children that the provider's state license allows them to care for, as opposed to enrollment, which is the actual number of children attending. Capacity is a measure of the extent to which paid, regulated care is potentially available to parents. After a brief overview of the industry, there is a short rundown of the state-defined phases of the COVID crisis and the mandates on licensed child care in each phase, followed by a description of policies aimed at preserving child care capacity in the second major round of federal COVID relief. Novel state of Illinois administrative data are used to describe how licensed child care capacity evolved from the eve of the pandemic to mid-May 2022. There is evidence that the child care market was knocked back considerably by COVID but ultimately proved resilient in replenishing capacity. However, there are warning signs that child care centers are less profitable recently and that child care may become even less affordable.

THE CHILD CARE MARKET

Before proceeding to analyze Illinois data in detail, some national information is helpful for context.

A National Perspective

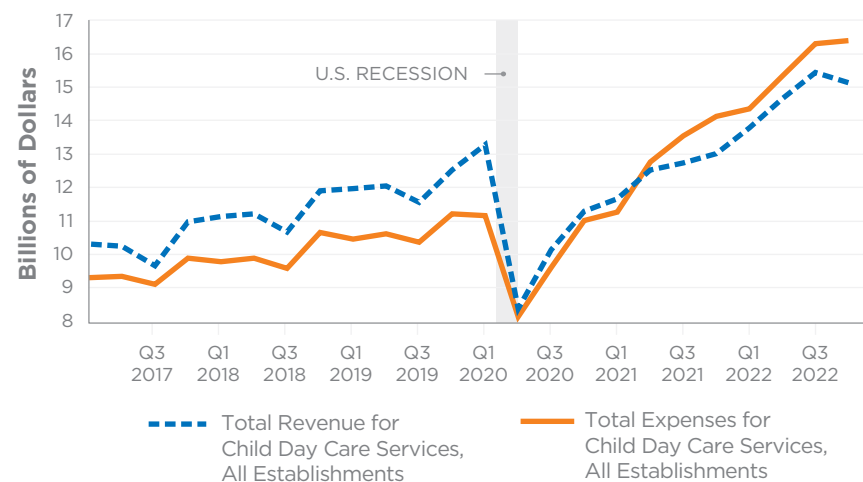
Figures 1 and 2 show two major indicators of activity in the U.S. market for child day care services, employment (Figure 1) and revenue and expenditures (Figure 2).

Figure 1: Child Day Care Services Employment



Source: U.S. Bureau of Labor Statistics, All Employees, Child Day Care Services [CES6562440001], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CES6562440001>, May 22, 2022.

Figure 2: Child Day Care Services Profitability



Source: U.S. Census Bureau, Total Expenses for Child Day Care Services, All Establishments [EXP6244ALLEST144QNSA], and Total Revenue for Child Day Care Services, All Establishments, Millions of Dollars, Not Seasonally Adjusted (REV6244ALLEST144QNSA) retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/EXP6244ALLEST144QNSA>, March 20, 2023.

Figure 1 presents the national employment numbers. Employment in the day care services segment peaked at 1.05 million in February 2020 but plunged to just 679,000 two months later. By April 2022, the workforce had recovered to 938,000 persons, which was only 89% of peak employment. Given that

states mandate worker-child ratios, these employment figures are consistent with a situation in which day cares operate below their pre-COVID enrollments.

Figure 2 shows the pattern of financial viability of day care establishments.⁴ Revenue was growing rapidly heading into

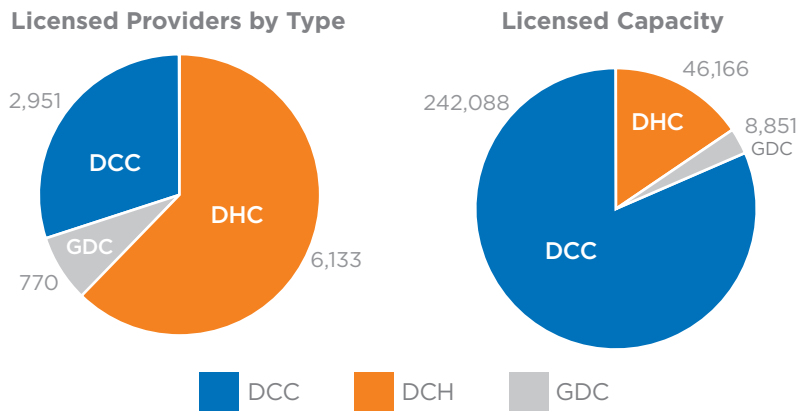
the pandemic, reaching \$13.02B in the first quarter of 2020, but bottomed out in the second quarter at just \$8.08B. The profit margin, or percent excess of revenue over expenditures, was 11.7% prior to the onset of the pandemic (Q1 2020). In the immediate COVID period, revenues and expenses were quite similar, but for the first time since these data were collected, revenues fell below expenditures after Q2 2021 and the sector has sustained fairly large negative profit margins since.

Illinois Licensed Providers

Child care providers can become state-licensed if they meet certain criteria; follow state guidelines on enrollments, nutrition, and safety; and submit to inspections. Licensing assures consumers that the provider satisfies minimum standards of quality and safety.

There are three types of providers of state-licensed child care. In a Day Care Home (DCH) (sometimes termed “family care”), a provider cares for multiple (typically 6-8) unrelated children in her private residence. Group day cares (GDCs) are larger operations than day care homes (typically 10-12 but as high as 16) that also usually operate from providers’ homes. Group day cares are a growing but still-small part of the licensed child care market and are not discussed in

Figure 3: Licensed child care providers and associated capacities by type, January 2020



Notes: Author’s calculations from IDCFS data.


detail. Finally, day care centers (DCCs) serve large numbers of children from a commercial establishment.

Figure 3 conveys the numbers of licensed providers and their capacities as of January 1, 2020, immediately prior to the pandemic’s onset. At that time, 9,854 licensed providers of all types supported a maximum licensed capacity of 297,105 children. Day care homes were the most numerous type of provider, at 62% of licensed providers. Although day care centers comprised just 8% of providers, they accounted for 81% of licensed capacity. Since the group day care segment is quite small, the remainder of this Spotlight

focuses on day care centers and day care homes.

CHILD CARE REGULATION DURING THE PANDEMIC⁵

Illinois experienced its first confirmed COVID case on January 24, 2020.⁶ The Pritzker administration issued a stay-at-home order on March 21, 2020. On May 5, 2020, the Governor laid out a 5-phase plan for weathering the pandemic. Table 1 provides a timeline of the pandemic response and describes the mandates on licensed day care providers in each phase. Only licensed day cares serving essential workers were permitted to continue operating during phases 1 and 2 under the state’s Emergency Child Care Program. They could serve other families as well, but only if essential workers’ children were present. However, essential workers were encouraged to use at-home or relative care over paid out-of-home care. In phase 3, providers could open to the general public but with reduced capacity limitations. Day care homes were able to return to full capacity in phase 4, while day care centers were able to return to full capacity in phase 5.



Types of Day Care

Day Care Homes (DCHs) (also termed “family care”): Provider cares for multiple (typically 6-8) unrelated children in a private residence.

Group Day Cares (GDCs) are larger operations (typically 10-12 but as high as 16). They also usually operate from providers’ homes.

Day Care Centers (DCCs) serve much larger numbers of children from an establishment.

TABLE 1: Illinois Pandemic Response Timeline

Date	Phase	Mandates
March 21, 2020		Stay-at-home orders imposed. Licensed providers closed except those serving essential workers. Capacity of day care homes (DCHs) limited to 6.
May 5, 2020	Phase 1 "Rapid Spread"	Phases defined. Illinois declared to be in Phase 2.
May 5, 2020	Phase 2 "Flattening"	Providers not serving essential workers remained closed. DCH capacity continued to be limited to 6 children.
May 29, 2020	Aside from Chicago, Illinois enters Phase 3 "Recovery"	<ul style="list-style-type: none"> Stay-at-home orders end. Any family may use child care. Programs providing emergency care may expand capacity. Programs closed during phases 1 & 2 reopen with 4 weeks of reduced capacity under a Reopening Plan submitted to IDCFS. Possible DCH capacity immediately increased to 10. GDCs may increase capacity if children separated into groups of no more than 10. Additional rules on DCHs and GDCs include stable groups and sleeping space. DCCs that have not formerly participated in the Emergency Child Care Program must meet distancing requirements and cap rooms at 8 infants or 10 children (down from 12 or 20), for the first four weeks after reopening. After 4 weeks, with IDCFS approval, capacity of 8-15 children per room (depending on age) through phase 4, with continued space requirements.⁷ DCCs also have restrictions on staffing.⁸
June 3, 2020	Chicago joins Phase 3 "Recovery"	Phase 3 restrictions continue.
June 26, 2020	State enters Phase 4: "Revitalization"	All DCHs and GDCs permitted to return to pre-COVID licensed capacity. Phase 3 mandates on DCCs remained in place through phase 4. ⁹
March 19, 2021	"Bridge" from Phase 4 to Phase 5 announced	
June 11, 2021 ¹⁰	State enters Phase 5: "Illinois Restored"	DCCs returned to pre-COVID licensing regulation regime. Continued guidance focused on vaccinations, testing, and hygiene. ¹¹

One of the very first pandemic mandates to place restrictions on licensed child care providers. Child care centers were subject to more restrictive regulation than day care homes throughout the pandemic. While daycare homes were free to return to normal operations in June 2020, centers' operations were restricted for an additional year.

FEDERAL RELIEF FOR THE CHILD CARE INDUSTRY

As discussed in the previous *Policy Spotlight*, the CARES Act, passed in June 2020, provided a large amount of funding for direct and indirect aid to providers, staff, and families with children in order to maintain the supply of accessible and affordable child care.¹² In March 2021, the American Rescue Plan Act of 2021 (ARPA) provided an additional \$1.9T in federal stimulus funding, including assistance to the child care industry. Although ARPA originally covered the period March 11, 2021¹³ through September 4, 2021, many of its provisions were extended beyond September 2021.¹⁴

Major policies affecting child care included in ARPA were:

- \$14.99B in additional Child Care Development Block Grant funding for states through September 30, 2021.
- \$23.98B for state-designed "child care stabilization" grants to both open and closed state-licensed providers, with the aim of "ensuring continuous operations." Grant amounts were based on providers' stated operating expenses and funded personnel costs; rent, personal protective equipment (PPE), other equipment, goods, and services; and mental health supports for children and employees. Grantees

were required to continue to provide full compensation, including any benefits, to their employees and relieve families under financial stress of co-payments and tuition payments “to the extent possible.” Funding for this program was extended through September 30, 2022.¹⁵

- A funding increase of \$3.55B in states’ child care assistance programs that subsidize tuition for low-income parents, with no state match required. This funding allowed states to increase the number of families receiving aid and/or increase the value of the subsidy. This provision was extended through September 30, 2022.¹⁶
- An enhanced and refundable federal child and dependent care tax credit to provide more money for care to families with children. Refundable credits were paid out periodically during the tax year in order to improve families’ cash flow. This provision applied only to the 2021 tax year.
- An increased Earned Income Tax Credit and phase-out percentages, effectively increasing parents’ rate of pay as well as that of many child care workers. This provision applied only to the 2021 tax year.

CHILD CARE LICENSES BEFORE AND DURING THE PANDEMIC


The Illinois Department of Children and Family Services (IDCFS) provides a list of state-licensed child care providers to the public. Data from the IDCFS show licensed providers and their associated licensed capacity (maximum permissible enrollments) from January 1, 2020, to May 15, 2022.²² Pervasive spread of COVID was underway in February 2020, making January 2020 the last truly “pre-COVID” database.



Because providers are linked over time by IDs, the licensure data are useful not only for getting provider and capacity counts but also for understanding the dynamics—the creation, destruction, and persistence—of providers throughout the pandemic, by identifying changes in licensed status for specific providers.

Policymakers and advocates are concerned with affordable and accessible child care. Accessibility can be gauged from the licensee database in two ways. First, the total supply of licensed slots measures the maximum capacity of the system. Second, establishments differ in location, so a reduction in the number of establishments makes child care less conveniently located for some families. Because reliable price data are not available, it is not possible to ascertain COVID’s impact on affordability (although this *Policy Spotlight* hazards some conjectures later). From the licensure data alone, we do not know if operators who exited, entered, or survived during the COVID era were more or less expensive than average.

There are limitations to the licensed provider list. It overstates the number of active



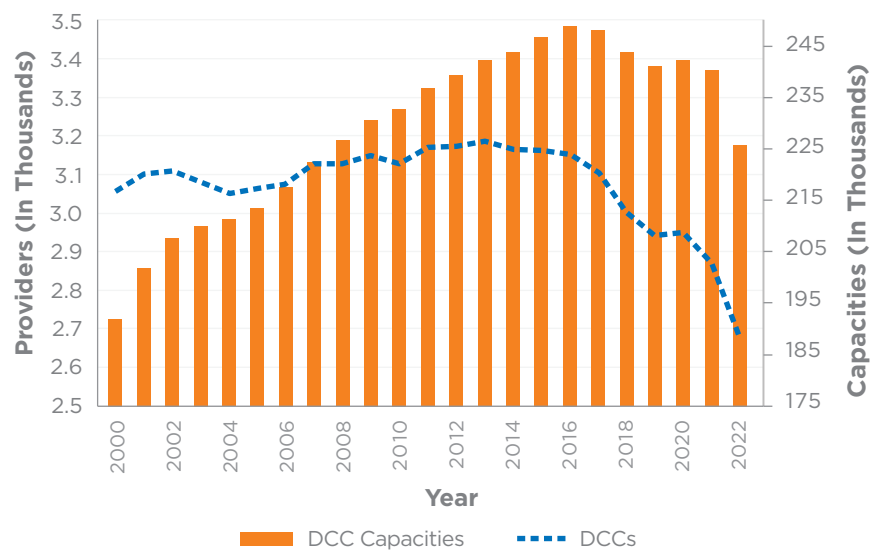
Acronyms

ARPA	American Rescue Plan Act of 2021
CARES	Coronavirus Aid, Relief, and Economic Security Act
CCAP	Child Care Assistance Program
CCDBG	Child Care and Development Block Grant
DCC	Day Care Center
DCH	Day Care Home
EITC	Earned Income Tax Credit
GDC	Group Day Care
IDCFS	Illinois Department of Children and Family Services

providers and capacity in general, especially during the COVID period, for two reasons. First, licenses are good for 3 years,¹⁸ so not all licenses come up for renewal each year: There will be providers on the licensee lists that are not actively providing care. Changes in observed licensed capacity that are due to COVID will consequently lag real-time changes in the set of active providers, as inactive providers let their licenses lapse. Second, in January 2021 the state was in Phase 4, with restrictions on day care center and group day care capacities. The true phase 4 capacities cannot be calculated at the provider level because the restrictions were on classrooms and/or groups of children. For day care homes, the phase 4 capacity limit of 10 was not binding on the vast majority of day care homes, whose capacity is 8.¹⁹ By January 2022, provider capacity had reverted to the pre-COVID regulations and this is no longer an issue. Therefore, it is important to bear in mind that licensed capacity may exceed actual capacity, and changes from January 2020 to January 2021 paint too rosy a picture of the Illinois child care market. Changes from January 2020 to January 2022 are more indicative of changes in system capacity over the pandemic.



Figure 4: Numbers and capacities of licensed day care centers, 2000-2022



Notes: Author's computations from IDCFS data.

Figure 4 presents a long-term view of licensed day care centers (providers and capacities) from January 2000-January 2022. The blue dashed line, corresponding to the scale on the left hand the number of providers (in thousands). The orange bars indicate the total licensed capacity of these providers (indicated on the right-hand-side scale). The number of day care centers peaked in 2013 at 3,187. After 2016, there is a downward

trend in the number of centers, ultimately falling to 2,943 in 2021, with a similar number of licensees in 2020. The patterns of establishment and capacity changes differ, however. The orange bars show that day care centers' capacity peaked at 248,918 in 2016, indicating a shift in the market towards larger providers. From 2020 to 2022, the number of licensed day care centers dropped to 2,673. As noted, changes between 2020 and 2021 are not good indicators of child care availability. The decline in day care center capacity of 6.0% between 2021 and 2022 (from 240,229 to 225,719) is a sharp break from past patterns, indicating the day care center segment is shrinking due to the pandemic.

Considering all sources (including group day cares), there were 297,105 licensed slots in 2020. In 2021, their number had fallen just 1.4% (to 292,925), but fell by an additional 6.3% (to 274,526) by January 2022.

Figure 5 presents descriptive information on day care homes. In contrast with other types of providers, the licensed day care home segment has been shrinking for the past 20 years. Licensees fell from a high of 10,974 in 2004 to just 6,133 in January 2020 (blue dashed line, left scale), or a decline of 44.1%. The day care home segment lost another 456 providers from 2021 to 2022, reaching 5,394. Figure 5 also shows trends in day care home licensed capacity (orange bars, right scale). From its peak of 84,204 slots in 2003, capacity had fallen to just 46,166 slots immediately prior to COVID. Between 2021 and 2022, day care home licensed capacity declined by an additional 3,448 slots (7.8%).

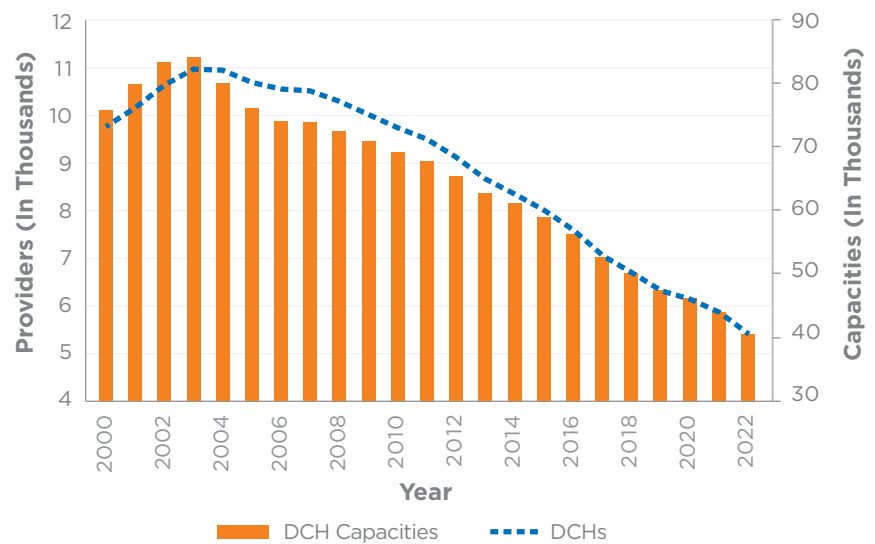
Considering all sources (including group day care), there were 297,105 total licensed slots in 2020. By 2021, this number had fallen very little (by just 1.4%, to 292,925) but fell an additional 6.3% (to 274,526) by 2022.

Dynamics

Changes in the number of providers over time depend on provider exits and entrances. Given the license renewal cycle, the effects of COVID will first show up as a decline in new entrants to the licensed provider database between 2020 and 2021. Since license expiration lags actual closures, a trend of providers exiting the industry due to COVID will not be immediately discernable but may become evident in subsequent years.

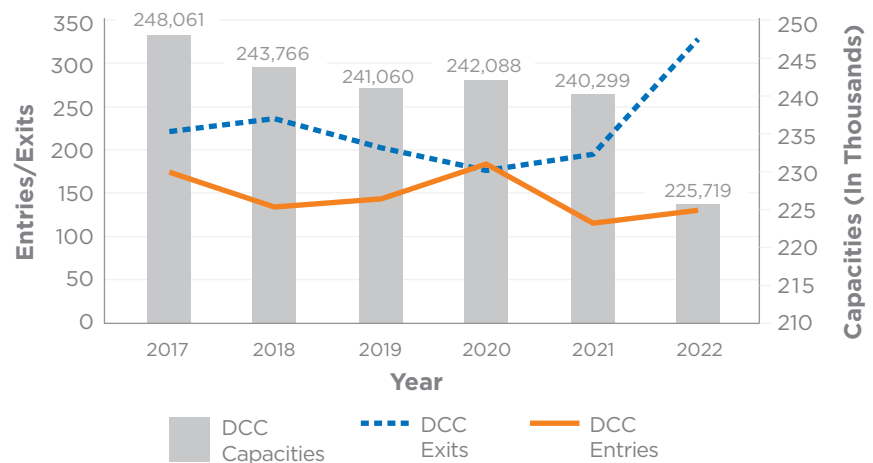
Figures 6-7 show how entries and exits into and out of licensed status change, focusing on the last 5 years (2017-2022) around the pandemic. The lines indicate exits (blue dashed, left-hand-side scale) and entrances (orange, left-hand-side scale) out of and into licensed status. The gray bars again indicate total capacity in each year (right-hand-side scale).

Figure 5: Numbers and capacities of licensed day care homes, 2000-2022



Notes: Author's computations from IDCFS data.

Figure 6: Exits, entries, and capacities of licensed day care centers, 2017-2022



Notes: Author's computations from IDCFS data.

Daycare center findings are shown in Figure 6. Prior to COVID, entrances and exits were converging, reaching rough equality (indicating no net change in the number of providers) in 2020. While there was only a very small change in exits from 2020 to 2021 (just 11 providers), entrances decreased

over the same period from 184 to 115, stabilizing at this lower level from 2021 to 2022. However, the number of exits between 2021 and 2022 rose from 195 to 328. As a result, 14,580 licensed day care center slots were eliminated between January 2021 and January 2022, a 6.1% decline.



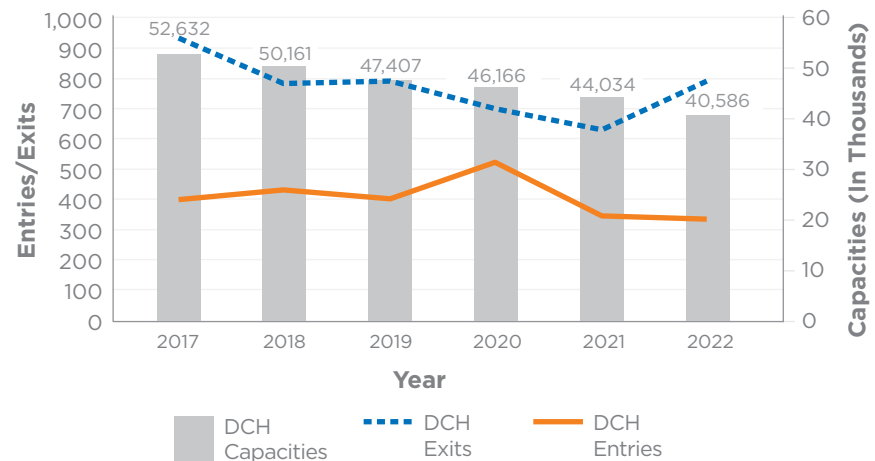
Figure 7 shows the dynamics for the day care home segment. From 2017-2020, there were signs of a slowdown in the secular disappearance of day care homes, with declining exits and an increase in entries just before COVID. The pattern over 2020-2022 is similar to that for day care centers. From 2021 to 2022, exits increased by 25.6%, while entrances stabilized at the new, lower level attained in 2021. These changes combined for a loss of 7.8% of licensed slots from 2021 to 2022.

Near-Term Effects of COVID

To highlight potential impacts of the pandemic on licensed capacity, this *Spotlight* examines two periods. January 2018-January 2020 is in the pre-pandemic era, while January 2020-January 2022 is in the pandemic era. Changes over the earlier period are intended to capture 'baseline' sector trends that might have continued in the absence of the pandemic. Table 2 presents the changes over each of these periods and contrasts them to see if there are notable differences. This is a simple "difference-in-differences" estimator.

The first three rows of the table indicate that the share of providers that are day care centers increased overall from 2018 to 2022. Comparing the decline in shares from 2020 to 2022 (the COVID era) with the decline from 2018 to 2020 (pre-COVID), the shift towards day care centers and away from day care homes de-accelerated in the COVID era.

Figure 7: Exits, entries, and capacities of licensed day care homes, 2017-2022



Notes: Authors' computations from IDCFS data.

Table 2: Effects of COVID on providers and slots (centers, homes, and total)

	DCCs		DCHs		All provider types
	Number of providers	Number of slots	Number of providers	Number of slots	Total slots
2018	3,002	243,766	6,698	50,161	302,644
2020	2,951	242,088	6,133	46,166	297,105
2022	2,673	225,719	5,394	40,586	274,526
Change from 2018 to 2020	-278	-16,369	-739	-5,580	-22,579
Change from 2020 to 2022	-51	-1,678	-565	-3,995	-5,539
Diff-in-Diff	-227	-14,691	-1,304	-1,585	-17,040
Relative Diff-in-Diff	-7.6%	-6.0%	-2.7%	-3.3%	-5.7%

Note: Total slots includes DCCs, DCHs, and GDCs. Author's computations from IDCFS data.

The upper section of Table 3 contrasts the persistence of licensees over each two-year period. The share of licensed providers surviving from the beginning to the end of each two-year period was lower in the COVID period for all provider types, with the largest declines for day care centers (-5.2% points). There is evidence that the trend toward fewer day care homes accelerated from 2020-2022.

The lower section of Table 3 indicates the rate of new licensures occurring in the two-year periods pre- and post- COVID onset. Entry into licensing is lower in the COVID than pre-COVID periods for all segments.

Table 3 Effects of COVID on market dynamics

Incumbents	DCCs	DCHs
Persistence of licensees from 2020 to 2022	82.6%	77.6%
Persistence of licensees from 2018 to 2020	87.8%	78.8%
Difference-in-difference effect of COVID	-5.2%-points	-1.2%-points
Relative effect	-5.9%	-1.5%
New Entrants	DCCs	DCHs
Share of 2022 licensees not licensed in 2020	8.8%	11.7%
Share of 2020 licensees not licensed in 2018	10.6%	14.0%
Difference-in-difference effect of COVID	-1.8%-points	-2.3%-points
Relative effect	-17.0%	-16.4%

Notes: Author's computations from IDCFS data.

While the number of licensed providers in Illinois was falling prior to COVID, it is estimated that the pandemic caused additional declines of 7.6% in the number of child care centers and 2.7% in the number of day care homes. Overall, around 17,000 licensed slots had disappeared by January 2022 because of COVID.



SIGNS OF RECOVERY

The provider database is updated frequently. A recent database—May 15, 2022—pulled from the IDCFS website was used to examine how well licensure and licensed capacity have recovered.

Table 4 on page 10 shows the results of comparing the pre-COVID and post-COVID provider lists. There were 9,854

licensed providers in January 2020 (30% were day care centers, 62% were day care homes, and 8% were group day cares; see Figure 1). There were 9,140 providers in the mid-May 2022 database, or 7.2% fewer than in 2020. The total is comprised of 32% day care centers, 60% day care homes, and 8% group day cares. This large decline in licensed providers was driven by the continuing disappearance of day care homes: 636 of these

providers were lost. Two years and 3.5 months after the onset of the pandemic, the number of licensed day care centers and group day care centers were down just -2% and -3%, respectively, from pre-COVID levels.²⁰ Over one-quarter of day care homes in mid-May 2022 (26.3%) were ‘new’ licensees. While COVID may have further aggravated the disappearance of day care homes, however, the loss in day care home capacity

was nearly entirely offset by capacity recovery in the day care center sector, since total licensed capacity recovered to 99.6% of its January 2022 level in May 2022.

DISCUSSION AND CONCLUSIONS

Because this analysis is based on an administrative database of licensees, and not data on child care operations, it has inherent limitations. First, actual licensed capacity is overstated by the licensed provider database during the period of capacity restrictions under COVID in the case of child care centers. This is because of the inability to estimate ‘effective’ licensed capacity due to staffing and other restrictions during COVID. Second, the IDCFS database indicates whether a provider is currently licensed to provide care, not whether that provider is currently operating. Given the license renewal cycle, an inoperative provider may appear for up to three years in the data, even though none of this capacity is available to consumers. Nevertheless, the evidence sheds light on important questions about the experience of the child care sector under COVID and its post-COVID future.

Table 4: Transitions in license status from January 1, 2020, to May 15, 2022

	Day care centers	Day care homes
January 1, 2020	2,951	6,132
May 15, 2022	2,898	5,496
Change	-53	-636
% Change in licensees	-2%	-10%
Share of January 2020 licensees remaining in May 2022	72.3%	76.9%
Share of May 2022 licensees who began after January 2020	26.3%	12.7%

Notes: Author’s computations from IDCFS data.

Despite the dramatic drop in capacity during COVID, the number of licensed slots had returned to its pre-COVID level by mid-May of 2022. New licensees in the child care center market drove the recovery.

The prior IGPA *Policy Spotlight* discussed the wide variety of government supports during COVID that could have directly and indirectly acted to preserve the child care industry and help parents pay for care.

Were these supports effective? Although providers wanted to access PPP loans²¹ created in the CARES Act, many businesses of all kinds were unable to do so.²² Providers may have had somewhat better-than-average government support than other sectors of the economy because of states’ flexibility to use additional CCDBG funding to provide direct aid to them. Illinois child care providers also began receiving pandemic relief funding, in the form of a Child Care Restoration Grant program paid for with CARES Act funds, in mid-2020. These Restoration Grants continued with ARPA funding in 2021 and 2022. Nevertheless, a substantial share of providers appear to have struggled. By May 15, 2022, only 72% of these providers were ‘survivors’ from the group that was licensed before the pandemic, indicating substantial turmoil in the child care center marketplace during COVID, despite the relief programs. Finally, major initiatives in the CARES Act that helped families cope with child care costs—most notably the higher Child and Dependent Care Tax Credit and the Child Tax Credit—were only in place for the 2021 tax year. They were not renewed in ARPA after fierce political debate, and there is little prospect for revisiting these policies in the current Congress.



The prior IGPA *Policy Spotlight* speculated that COVID could cause many daycare operations to close, but that daycare homes might be less harmed than centers.²³ While all care providers faced similar adverse circumstances due to stay-at-home orders and additional costs like PPE and cleaning materials, the vast majority of daycare homes were unaffected by the reduced capacity limits mandated in phases 3 and 4. Day care homes should also be more nimble than centers, able to cease and resume their operations relatively quickly. This is because of day care homes' low overhead, since they are run from owners' residences and less likely to employ workers. Centers, on the other hand, have high overhead, including rents and payroll. It is difficult for a day care center to survive a period with diminished

Although Illinois' licensed child care capacity has returned to pre-pandemic levels, nationally, the child care industry as a whole has operated at a net loss since early 2021, and parents are likely to face continued price increases.

or no revenue and, if they close, it is expensive to reopen. In the immediate period after the pandemic, the evidence supports the prediction that centers would be harder hit than daycare homes during COVID. In the longer run, daycare centers fully recovered their licensed capacity, while the licensed day care home sector continued its decades-long decline unabated.

However, it is important to note that, although not reflected in capacity, the circumstances of the center care sector are greatly changed after COVID. Nationally, child daycare employment has so far failed to recover to pre-COVID levels (see Figure 1). Given state-mandated student-teacher ratios across the country, this is consistent with

a recovery in enrollment that is weaker than the recovery in licensed capacity. At the same time, the financial health of the daycare center sector is much worse post-pandemic (see Figure 2). Centers' higher costs, especially rising labor costs—estimated to comprise 62% of center costs—are passed through to consumers as higher prices.²⁴

The COVID pandemic was an unprecedented disruption to labor markets, family life, and out-of-home child care. After experiencing an historic decline and turmoil as the industry reorganized, Illinois' licensed child care capacity returned to pre-pandemic levels. Yet the child care marketplace is distinctly different post-COVID, having turned from a highly profitable industry to one that is struggling to contain costs. As a result, parents are likely to face continued price increases.



ENDNOTES

¹ “In Illinois, Can Families Afford Child Care,” *Childcare Aware of America* (2020), <https://perma.cc/P5UM-7UFY>.

² Elyse Shaw, “Building Back Better: Reimagining the Care Economy,” *U.S. Department of Labor Blog* (May 19, 2022), <https://perma.cc/SM82-HKEX>.”

³ Elizabeth T. Powers, “Child Care is Foundational for Economic Recovery,” *Institute of Government and Public Affairs* (June 19, 2022), <https://perma.cc/8PRW-CPNW>.

⁴ Note that revenue from government programs to sustain the industry is included in revenue in the figure.

⁵ Unless otherwise noted, the sources for this section are: “Documenting Illinois’ path to recovery from the coronavirus (COVID-19) pandemic, 2020-2021,” *Ballotpedia*, <https://perma.cc/8ZAU-BT47>; “COVID-19 Pandemic in Illinois,” *Wikipedia*, <https://perma.cc/P2JS-V4E7>; and “Child Care Phased-in Reopening,” *Official Website of Rep. Tom Weber* (June 1, 2020), <https://perma.cc/C6GK-MA8N>.

⁶ Illinois Department of Public Health, “About COVID-19,” <https://perma.cc/3R3A-ZBE2>.

⁷ Have at least 50 square feet per child 2 years and older. Add a minimum of 4 square feet—beyond regular licensing requirements—of sleeping space per child for infants and toddlers to ensure cribs and cots can be placed 6 feet apart. The expanded group size limit per room for Phases 3 and 4 are as follows: 8 infants, 12 toddlers, 12 two-year-olds, 15 children ages 3-5 15 school-aged children (limited to 10 children in programs with changing participants week-by-week). Weber, “Child Care Phased-in Reopening,” *supra* note 4.

⁸ Staff must work with a single group of children. Staff members may float between 2 rooms only. Qualified substitutes are allowed for days that staff are out sick/on vacation. Recommended staffing of at least 2 adults per classroom. One staff person per room is permissible at the start/end of day as long as ratios are met. *Id.*

⁹ Note that nearly all day care home providers had licensed capacity below the mandated capacity constraints of Phase 3 and Phase 4 and would not have been affected by the lower limits.

¹⁰ Zack Roth, “It’s official: Illinois will enter Phase 5 of it’s [sic] COVID-19 reopening plan on June 11,” *State Journal-Register* (June 4, 2021), <https://perma.cc/VHV8-7AKF>.

¹¹ Illinois Department of Children and Family Services, “Licensed Day Care Guidance & License Exempt School-Age Guidance” (September 23, 2022), <https://perma.cc/QY7K-LQ3B>.

¹² See Table 1 in Powers, “Child Care is Foundational,” *supra* note 2, for a description of CARES Act provisions aiding child care providers, small businesses, and individuals.

¹³ Pub. L. 117-2 (Mar. 11, 2021), <https://www.congress.gov/bill/117th-congress/house-bill/1319/text>.

¹⁴ Andrew P. Scott, *et al.*, “Pandemic-Related Provisions Expiring in the 117th Congress,” *Congressional Research Service*, RL46704 (May 25, 2021), <https://crsreports.congress.gov/product/pdf/R/R46704>.

¹⁵ Child Care Technical Assistance Network, “Child Care Stabilization Grants,” *U.S. Dept. of Health & Human Services*, <https://perma.cc/AH9C-3DLL>.

¹⁶ Scott, “Pandemic-Related Provisions,” *supra* note 13 at 26.

¹⁷ IDCFS posts this information on its website for the purpose of helping parents find licensed care and flagging providers who have had problems maintaining licensure. Databases for January 1 for each available year were obtained via the Freedom of Information Act. A provider’s license status can be tracked over time using a unique provider ID.

¹⁸ See Licensing Standards for Day Care Centers, ILL. ADMIN. CODE tit. 89, Part 407 (2022), <https://perma.cc/RT33-KQZD>.

¹⁹ The treatment of day care homes allowed COVID-capacity-related adjustments, is discussed below. However, it is not possible to estimate COVID-capacity for day care centers and group day cares because these rules apply to groups of children within a school, not the capacity of the entire establishment.

²⁰ Unfortunately, it is not possible to ascertain licensed capacity with the May 15, 2022 data.

²¹ *Id.*, at Table 1.

²² “Lessons Learned from the Paycheck Protection Program: A Way Forward for an Equitable COVID Recovery,” *COVID Oversight Coalition* (May 2022), <https://perma.cc/3T66-7JPU>.

²³ Powers, “Child Care is Foundational,” *supra* note 2.

²⁴ Charles S. Gascon and Devin Werner, “Pandemic, Rising Costs Challenge Child Care Industry.” Federal Reserve Bank of St. Louis (January 13, 2022). <https://www.stlouisfed.org/publications/region-al-economist/2022/jan/pandemic-rising-costs-challenge-child-care-industry>.

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