



LUMINARY
EVALUATION GROUP, LLC

Home Grown Technical Assistance Program for the Paycheck Protection Program

PROJECT OUTCOMES REPORT

September 1, 2020

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Introduction

In April 2020 the U.S. government responded to the economic distress faced by small businesses across the nation. The objective was to mitigate the negative economic impact brought on by the COVID-19 pandemic. The Paycheck Protection Program (PPP) was designed to provide potentially forgivable loan funding to small businesses with less than 500 employees. Specifically, small businesses could borrow 2.5 times their average monthly payroll at a 1% interest rate for any funds that were not eligible for forgiveness.

The PPP application process was deceptive. On the surface it looked relatively streamlined, however applicants needed to complete a number of calculations that most small business owners found confusing. To make matters more difficult, the U.S. Government continually modified its guidance throughout the process. Finally, applications were made directly through banks, both local and national, which meant that the actual application processes varied and were unique to each individual bank, and materials were only provided in English.

The PPP program had the potential to be a lifeline for small businesses, but these small businesses required additional support to determine the amounts they were eligible for, complete the application, and understand how to use the funds on forgivable costs. Recognizing the potential of the PPP to leverage federal funds to keep afloat small business, such as home-based child care providers, a group of New Jersey philanthropies — Maher Charitable Foundation; the Henry and Marilyn Taub Foundation; the Nicholson Foundation; and the Burke Foundation — invested in Mercer County, NJ. Three Child



Care Resource and Referral agencies — Programs for Parents, 4CS of Passaic County, and Child Care Connection — worked in partnership with Civitas Strategies to develop and field the Paycheck Protection Program Technical Assistance (TA) Process. The entire technical assistance process was originally designed and deployed from April 5, 2020 to May 14, 2020 during the first round of Paycheck Protection funding in three New Jersey counties (Essex, Passaic, and Mercer) and continued through August 8, 2020. By the August 2020 final report, the TA process in these three counties had resulted in a total of \$2.4 million in secured loans for child care providers.

Based on the success of this technical assistance process, Home Grown Child Care engaged Civitas Strategies to train intermediary organizations so that they can help the home-based child care providers to successfully access and apply for PPP applications. The team included consultants from Civitas Strategies and Nielsen Training and Consulting. This evaluation report issued by the Luminary Evaluation Group captures reflections on the project and offers evidence of both the cost efficiency and positive impact that it had on home-based child care providers navigating through the COVID-19 pandemic.



Methodology

The PPP technical assistance project with Home Grown was designed and deployed from May 28, 2020 to August 8, 2020. There were four types of resources offered to coaches, advocates, and administrators interested in helping home-based child care providers prepare their PPP applications. They included:

1 Webinar for Coaches, Advocates & Administrators

Civitas Strategies delivered a short informational webinar for intermediary organizations on the PPP, the benefits for home-based child care providers, and how to support their applications. The webinar was held on June 6, 2020. A total of 114 people registered for the webinar and 60% attended live.

2 Technical Assistance Process Toolkit

In conjunction with the project, Civitas Strategies produced and released *A Guide to the Civitas Strategies Paycheck Protection Program Technical Assistance Process*. This guide offers a step-by-step process for intermediaries who are offering TA to follow along with documents to share with child care providers. These external documents were created in both English and Spanish.

3 Webinar for Home-Based Child Care Providers

Civitas Strategies provided a presentation with Spanish translation that was specifically geared toward home-based child care providers about the PPP, how to apply, and its benefits. This webinar was offered on June 8, 2020 and June 11, 2020. A total of 1,204 people registered for this webinar.

4 One-on-One Technical Assistance

Civitas Strategies conducted one-hour technical assistance calls with 10 intermediary organizations to guide them through their own PPP application processes, answer questions about supporting home-based child care providers' PPP, and to demonstrate PPP TA in action.

All resources created through this project were posted on the Home Grown PPP website and made freely available.



Project Data & Observations

To understand the project's impact and return on investment, Luminary Evaluation Group was engaged to conduct a survey of home-based childcare providers as well as the coaches, advocates, and administrators who may have accessed the resources or received technical assistance. A total of 293 providers and 14 coaches, advocates, and administrators (also referred to as "intermediaries" throughout the report) completed the respective surveys. Three observations were made on the Home Grown project based on the survey data collected, as well as findings from the August 2020 Final Project Summary report issued by Civitas Strategies that captures the outcomes of PPP technical assistance in Mercer, Passaic, and Essex counties. **FIGURE 1** presents these findings which are detailed in the following section.

FIGURE 1 Observations

OBSERVATION 1

The Home Grown PPP Technical Assistance Program helped providers navigate the economic impact of COVID-19 by applying for a PPP loan, a pathway many would not have considered without assistance.

OBSERVATION 2

The Home Grown PPP Technical Assistance Program cost-effectively leveraged federal funds.

OBSERVATION 3

Many home-based child care providers lacked the business acumen and infrastructure to understand and apply for the PPP without assistance.

Observation 1:

The Home Grown PPP Technical Assistance Program helped providers navigate the economic impact of COVID-19 by applying for a PPP loan, a pathway many would not have considered without assistance.

Evidence supporting the efficiency and cost effectiveness of the project was found in survey responses from both home-based childcare providers and the intermediaries that were trained to offer PPP application support. Of the 14 intermediaries who responded to the survey, most (65%) accessed support on the technical assistance process through the live or recorded webinars offered by Home Grown in partnership with Civitas Strategies. Two intermediaries also reported that they received one-on-one technical assistance from Civitas Strategies. Both of these respondents reported that the technical assistance was "very helpful" and that the session helped them feel "very confident" in helping providers apply for the PPP. Additionally, these respondents noted that they were "very satisfied" with the supporting materials available for use, including the *Guide to the Paycheck Protection Program (PPP) Technical Assistance Process*. Throughout the project, intermediaries were generally supportive of the step-by-step written materials that accompanied the informational sessions. Comments included:

"Simplified instructions for a process that felt very overwhelming to most providers."

"We are sharing the Home Grown materials and providing a presentation Friday for the coaches in NJ's Northern QRIS district. It came up on a call with the person who oversees the district and is very excited to have her coaches help providers, especially the home-based providers, provide support for PPP applications."

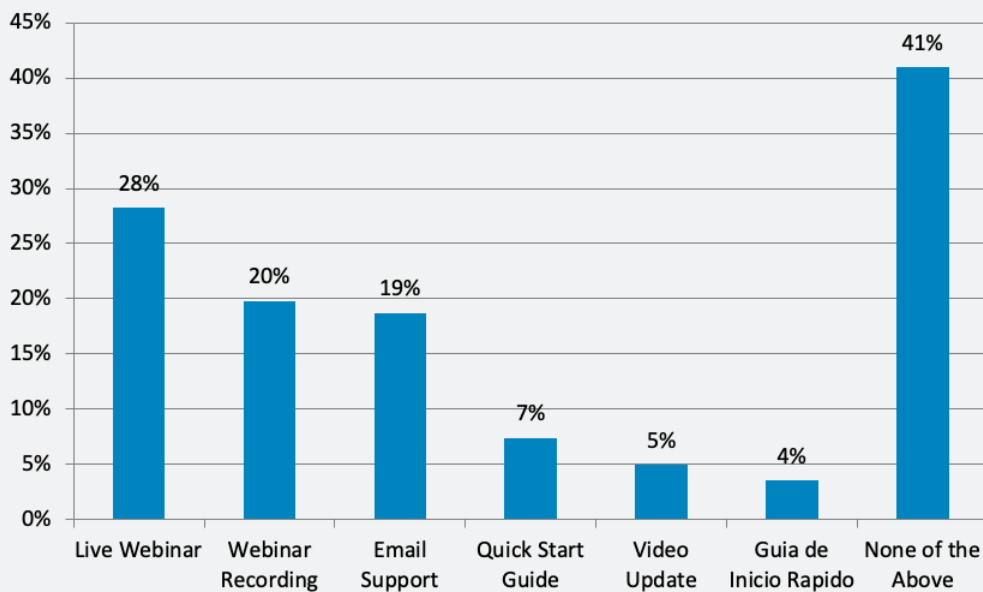
"Just wanted to share that these resources and the info you've been sharing are really helpful. We appreciate having trustworthy tools and info to share with providers, so — thank you!"

The survey also asked intermediaries to estimate the number of home-based child care providers they supported through the Paycheck Protection Program application process. A total of 7 respondents reported serving a combined number of approximately 232 providers. Intermediaries were then asked to estimate how many of these providers that received technical assistance ended up applying for a Paycheck Protection Program loan. They reported that an estimated 115 providers submitted applications. Another respondent, who had offered technical assistance to at least 50 providers through group Zoom calls, reported, "I didn't do follow up directly with each provider, but many did take advantage."

Based on the provider survey results, a total of 166 respondents (59%) indicated that they accessed the forms of support offered through the Home Grown PPP technical assistance project. A total of 117 respondents (41%) reported that they did not access any of the provided Paycheck Protection Program resources from Home Grown and Civitas Strategies. The types of support that were selected most frequently by providers who responded were the live webinar, the recorded webinar, and emailing for help (**FIGURE 2**). Please note that survey respondents could have accessed more than one form of help since the question allowed them to pick all answers that apply. For example, a provider could have viewed the webinar recording and then also engaged in email support as they were completing their application.



FIGURE 2 Providers: Which of the following Paycheck Protection (PPP) resources from Home Grown and Civitas Strategies did you access? (Check all that apply.) (n=166)

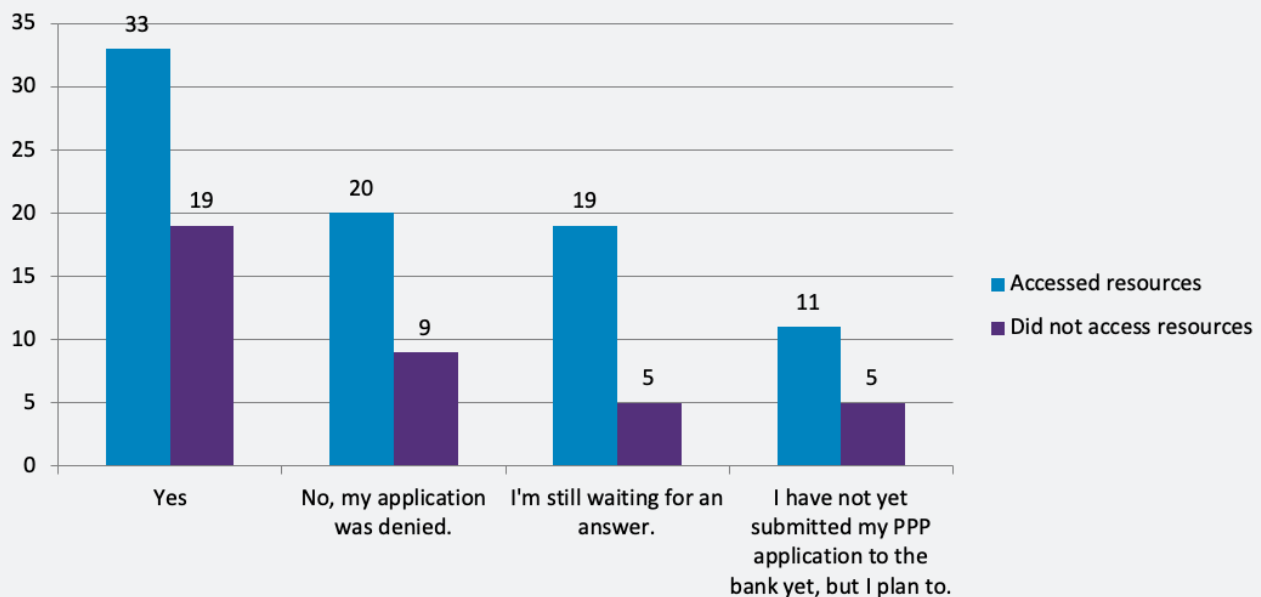


To determine if the supports offered through the technical assistance project resulted in a positive impact on the number of providers applying for and being approved for PPP loans, the evaluation compared the loan approval rate of the providers who accessed support to the rate of those who did not access support.

Of the 55 providers who reported that they were approved for a PPP loan, 33 (60%) received help from the Home Grown PPP TA program, while only 19 (35%) of those who were approved did so without accessing the TA resources (FIGURE 3). This indicates that it is likely that without accessing resources, a number of providers who ended up applying may not have done so without the help. The providers who applied on their own and were approved were likely those who had more sophisticated business infrastructure, understanding, and processes. This theory of access and outcomes is discussed further in the following paragraphs.

The data in FIGURE 3 also shows that there were 20 providers who received an application denial. A number of these respondents who were not approved for a loan but accessed TA resources also left comments at the end of the survey about their experience. Most of these comments described issues with the actual financial information they provided to banks, such as not having 2019 tax information available. Others noted that they did not understand why they were denied. For example, one provider stated, "I didn't understand the reason they did not approve me...they said I was invalid." This data indicates that there were some providers who participated in the TA program who could have benefited from more intensive one-on-one help to prepare their PPP application. All of the respondents who reported accessing the TA support but were rejected from the PPP also reported that they did not receive one-on-one assistance. This individualized help may have helped them achieve greater understanding of the process and improve their likelihood of getting approved.

FIGURE 3 Providers: Was your Paycheck Protection Program (PPP) loan approved? (n=83 for providers who reported accessing resources, n=38 for providers who did not report accessing resources)



The theory that providers applied for a PPP loan and were more successful as a result of their TA experience is further supported by provider survey results indicating an increase in comfort level with applying to the PPP with help versus without help. For 17 providers who received help and chose to answer this question, 83% reported that it was “very easy,” “easy,” or “neutral” to apply for the PPP after receiving the support. For 166 providers who reported not receiving help and chose to report the level of difficulty with applying to the PPP without assistance, only 34% indicated that the application process was “very easy,” “easy,” or “neutral.” A total of 30% reported that it was difficult or very difficult and 36% noted that they hadn’t submitted their PPP application yet, but that they planned to (FIGURE 4).

Based on current research in the field, any small child care providers, especially those owned by women, people of color, or other marginalized groups were not attempting to apply to the PPP either because they didn’t understand it, weren’t aware of it, or were unsure how to begin. The Center for Responsible Lending reports: “Based on how the program is structured, we estimate that upwards of 90% of businesses owned by people of color have been, or will likely be, shut out of the Paycheck Protection Program.”¹

¹ “The Paycheck Protection Program Continues to be Disadvantageous to Smaller Businesses, Especially Businesses Owned by People of Color and the Self-Employed.” Center for Responsible Lending, 2020. https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-cares-act-2-smallbusiness-apr2020.pdf?mod=article_inline

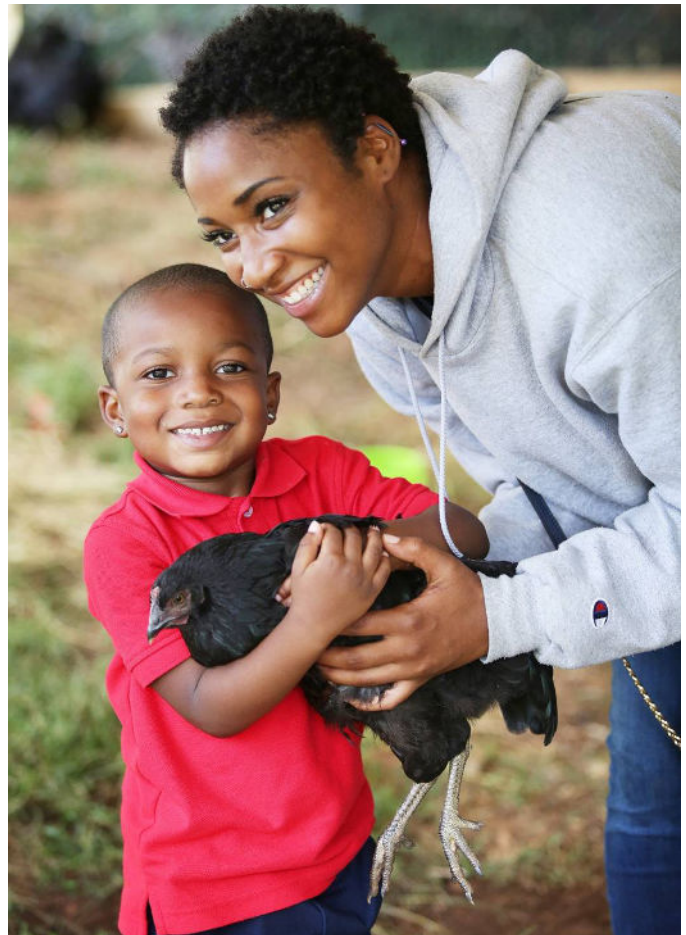
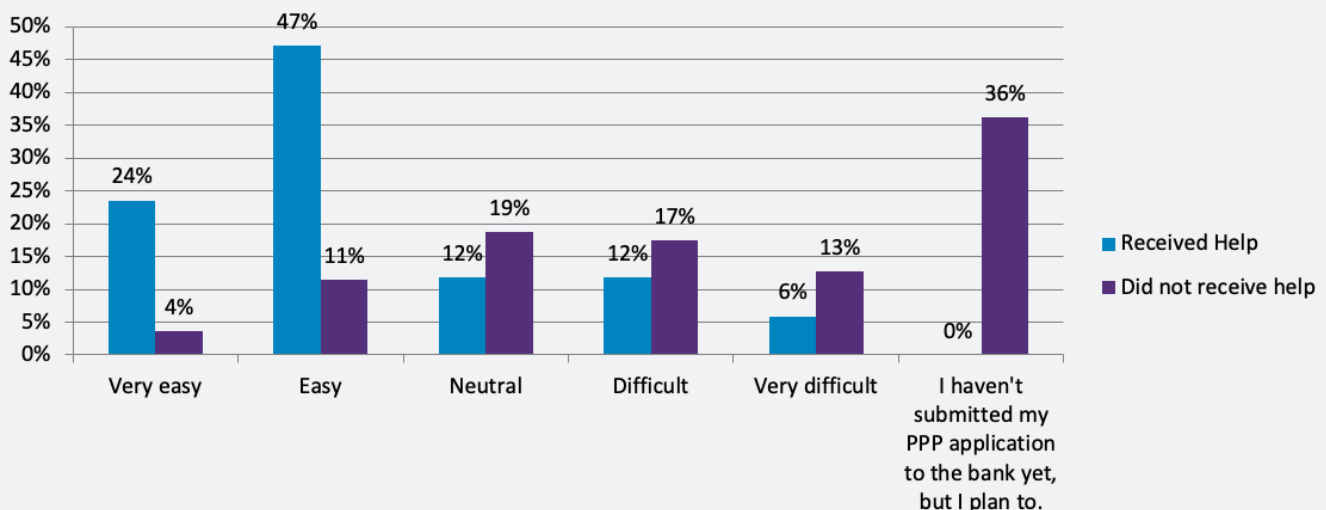


FIGURE 4 Providers: How easy or difficult was it to apply for the Paycheck Protection Program (PPP) AFTER receiving help versus applying WITHOUT additional help. (n=17 for providers who received help, n=166 for providers who did not receive help).



Based on provider demographic data collected during the survey, the majority of businesses served through the Home Grown PPP technical assistance project are owned by traditionally marginalized or underrepresented groups, specifically women and people of color. **FIGURE 5** presents the breakdown of survey respondents and the demographic groups with which they identify. A total of 252 providers responded to this question and 12% of these respondents preferred not to answer. According to this data, the 79% of the providers who responded to the survey identified as members of a marginalized group at risk of being shut out of the PPP program as a result (**FIGURE 5**). These types of businesses included:

- African-American owned businesses
- Latinx-owned businesses
- Asian-American owned businesses
- LGBTQ-owned businesses
- Woman-owned businesses
- Disabled-owned businesses
- Veteran-owned businesses
- Immigrant-owned businesses
- Other minority owned businesses

Providers were allowed to choose more than one category as well as 'none of the above.' Based on the demographic data collected, this project was a critical means of combating the trends of marginalization and connecting funds with those who are most in need.

The survey also asked providers to share information about owners' income levels. According to the survey, of the 246 respondents, 50% of business owners have a gross annual income at \$59,172 per year or below. A total of 17% chose not to answer this question (**FIGURE 6**).

Based on this demographic data and current trends in the field, it follows that the majority of providers who accessed Home Grown resources who applied to the PPP, or plan to apply, may have been less likely to do so without the "jumpstart" offered by the Home Grown PPP technical assistance program.

FIGURE 5 Providers: Family child care businesses are owned by different types of people. Please check all that apply to your family child care business. (Optional) (n=252)

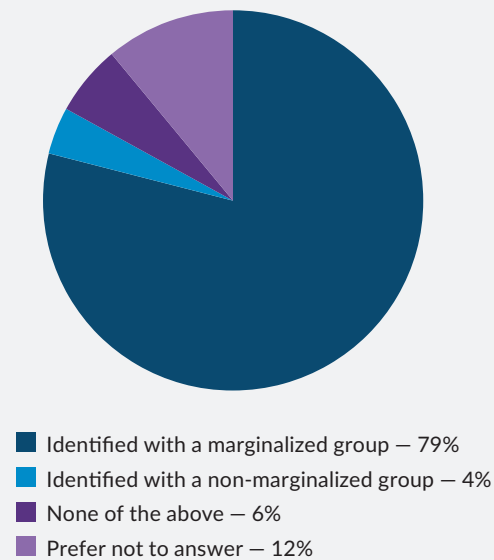
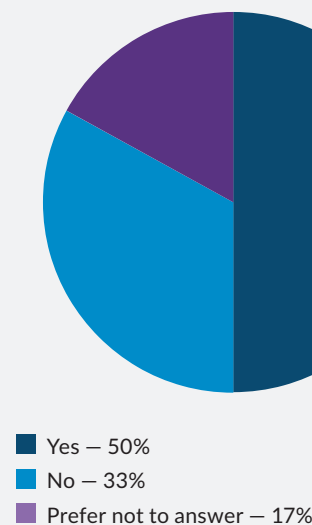
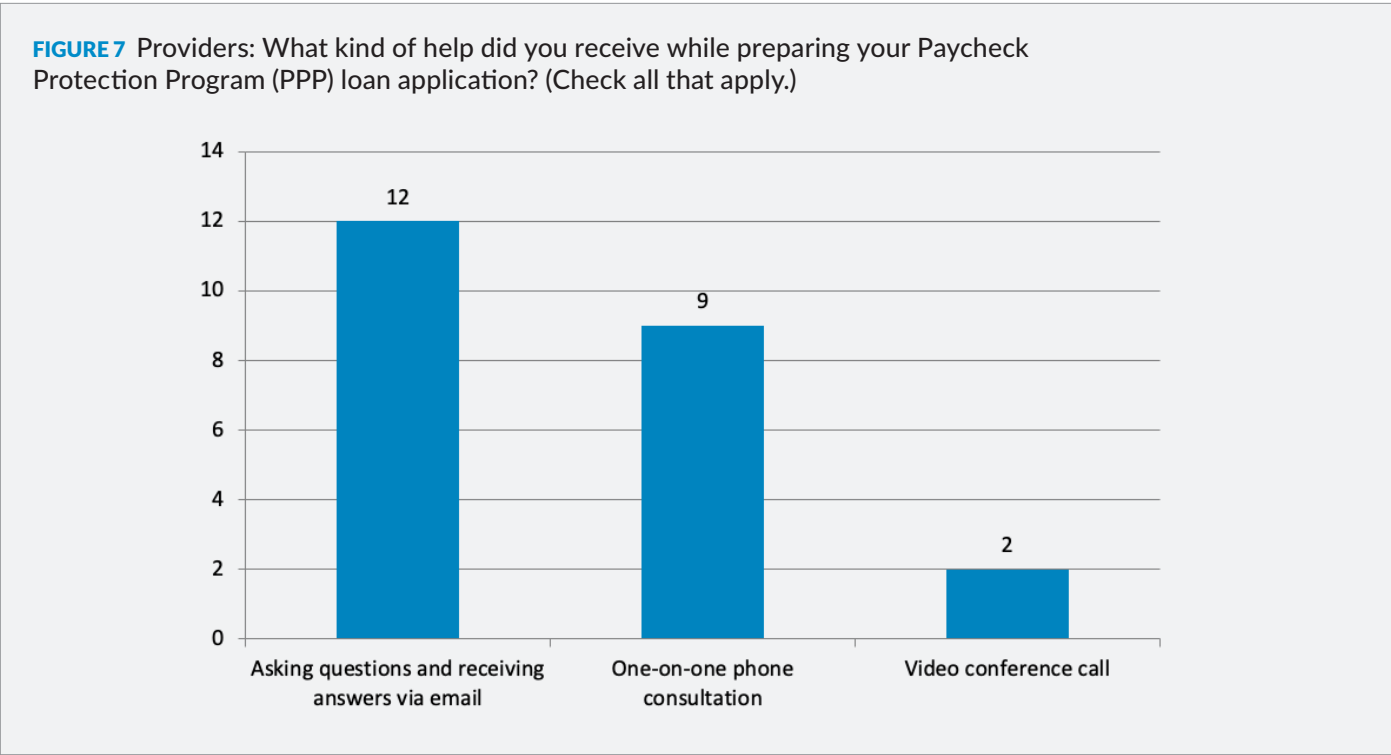


FIGURE 6 Providers: Is your business owned or controlled by individuals with gross annual incomes at \$59,172 per year or below? (Answer "yes" if more than half of the owners have gross annual household incomes at or below \$59,172 per year). (Optional) (n=246)



Providers were also asked if they had received one-on-one help with preparing their Paycheck Protection Program application. For the 20 respondents who answered that they had received one-on-one help, 9 had a one-on-one phone consultation, 12 asked questions and received answers via email, and 2 participated in a video conference call (FIGURE 7). (Please note, respondents were able to choose more than one answer.)



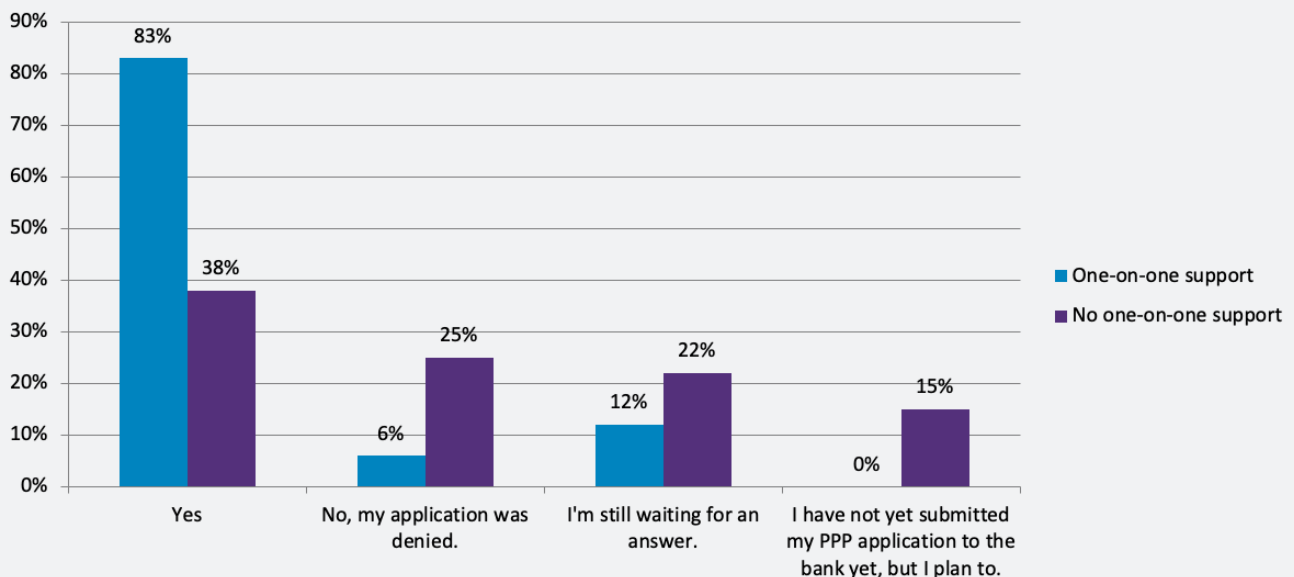
Observation 2:

The Home Grown PPP Technical Assistance Program cost-effectively leveraged federal funds.

Of the respondents that received one-on-one help of some kind, 85% of them reported that their application was approved and 12% of them reported that their application was pending. Only one of these providers reported that their application was denied and none of them were still waiting to submit to the bank. For providers who reported that they did not receive one-on-one help (n=108), the reported PPP loan approval rate dropped to 38% and the denial rate rose to 25% compared to the providers that received one-on-one support. Specially, 38% of respondents reported a PPP loan application approval, 25% reported their application was denied, 22% reported that they were still waiting for an answer, and 15% reported that they hadn't yet submitted their application to the bank, but they plan to (FIGURE 8). This indicates that one-on-one help was an effective form of support during the PPP preparation process. It also indicates the level of need experienced by providers in terms of their preparedness and readiness to engage in activities requiring business acumen and infrastructure.



FIGURE 8 Providers: Was your Paycheck Protection Program (PPP) loan approved? (n= 23 for providers who received one-on-on help, n=108 for providers that did not receive one-on-one help)



While the evaluation of this project is not able to track every single provider who benefited from the technical assistance project and secured PPP funding, it is possible to determine a representative sample from the survey data of both providers and the coaches, advocates and administrators that provided technical assistance. 96% (53) of the providers who reported in the previous survey question that they had been approved noted that they had received funding. A total of 46 of these respondents also reported the amounts that they received for their PPP loan. The self-reported total amount received by provider survey respondents was **\$386,170** with the minimum loan amount being **\$1,000** and the maximum amount totaling **\$65,000**. The average loan amount among providers who responded to the survey was **\$8,582**.

While some providers reported that they are still waiting to receive their funding, they did have an idea of the amounts that they expected to receive. On the survey, a total of 46 providers entered amounts that they anticipate their loan to be. The combined total of potential PPP loan amounts that providers expect to receive was reported to be **\$520,488** with the lowest amount being **\$500** and the highest coming in at **\$80,000**. The average loan amount was **\$11,074**. Given the

dollar amounts reported by providers in the survey, the total potential for PPP funding was **\$906,658**. The total potential for PPP funding for providers who accessed Home Grown/Civitas Resources was **\$489,113**. This indicates a positive return on investment, drawing in **\$48.91** of federal funds for every dollar spent on the PPP Home Grown technical assistance project.

Intermediaries were also asked to estimate the amount of PPP funds that were secured by providers. While most of these survey respondents did not have direct knowledge of a specific funding amount, the evaluation team was able to estimate it based on the 157 providers that intermediaries report applied for the PPP multiplied by the average loan amount for secured loans reported on the survey by providers. While some loan amounts were much larger than the average secured loan amount, using this number provides a conservative estimate of secured funding as a result of providers engaging in the technical assistance process with intermediaries trained by the Home Grown program. **TABLE 1** presents a summary of the expected and secured PPP loan amounts as reported by providers and intermediaries who completed the survey.

TABLE 1 Potential and Reported PPP Loan Amounts as Reported by Providers and Coaches, Advocates, and Administrators (n=46 providers, n=7 coaches, advocates, and administrators)

	EXPECTED LOAN AMOUNTS		SECURED LOAN AMOUNTS		TOTAL POTENTIAL AMOUNT (Expected & Secured Loans Combined)
	Total Amount**	Average Loan Amount	Total Amount	Average Loan Amount	
Providers (All Survey Respondents)	\$520,488	\$11,074	\$386,170	\$8,582	\$906,658
Providers (Accessed Home Grown/ Civitas Resources)	\$238,223	\$7,840	\$250,890	\$8,508	\$489,113
Coaches, Advocates, Administrators	Data unavailable	Data unavailable	\$2,221,707*	Data unavailable	\$2,221,707*

* This amount was estimated by multiplying the average secured loan amount reported by provider survey respondents with the number of providers that intermediaries report submitted PPP applications.

** The total amount for expected loan amounts includes loans applications that are still pending or had yet to be submitted at the time of the survey.

Observation 3

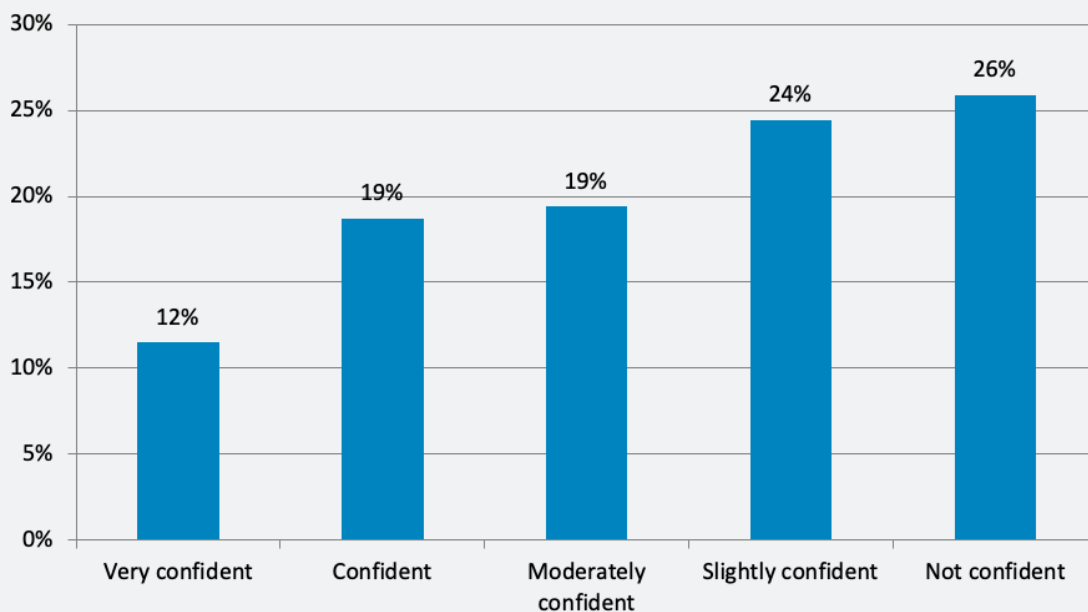
Many home-based child care providers lacked the business acumen and infrastructure to understand and apply for the PPP without assistance.

During the course of this project and throughout the data collection process, data indicated that the majority of home-based child care providers lack the basic business skills and acumen to ensure that their business operates effectively. Additionally, a number of them also lack basic business structures such as accounting and payroll systems. As illustrated in the provider survey, this meant that providers were often uncomfortable applying to the PPP because they didn't understand the terms and the documents needed. For example, when providers were asked to indicate how confident they feel with the forgiveness process, 50% reported that they feel "not confident" or "slightly confident" (FIGURE 9).

A final question on the provider survey asked respondents to indicate if they had any further questions, concerns or comments about the Paycheck Protection Program. A total of 139 respondents answered this question by leaving a comments. The evaluators analyzed and coded the answers and discovered that there were four general categories of comments including:

- General questions or statements expressing the need for additional business and financial skill development;
- Concerns about PPP forgiveness;
- Questions about the PPP and how it works (the frequency of this type of comment was higher for providers who did not access any technical assistance resources); and
- Comments about challenges accessing the PPP due to factors such as language and technology barriers.

FIGURE 9 Providers: How confident do you feel with the Paycheck Protection Program (PPP) loan forgiveness process? (n=139)



Specifically, 14 respondents indicated that they had questions about forgiveness, 22 left questions asking how the PPP works (13 out of the 22 had not accessed PPP technical assistance resources), 2 respondents reported access issues, and 48 providers reported they did not have any further comments or questions. A total of 53 of the providers had questions or comments indicating that they need or would like additional help understanding and building their business acumen to help their businesses persevere through the pandemic and/or run more smoothly. **FIGURE 10** shows a breakdown of the number of providers and the types of comments/questions they reported. **FIGURE 11** presents a representative sample of the three types of comments or questions that providers entered into the survey most frequently.

The survey data suggests that while providers were able to get through the application portion of the loan process, the forgiveness process is formidable to them at this point without additional help. A lack of guidance from the U.S. government could also be compounding this apprehension, but based on provider comments, their trepidation is largely due to the lack of sound business infrastructure and processes that they can rely on to produce the data needed.

FIGURE 10 Types of Comments, Questions, and Concerns from Providers (n=139)

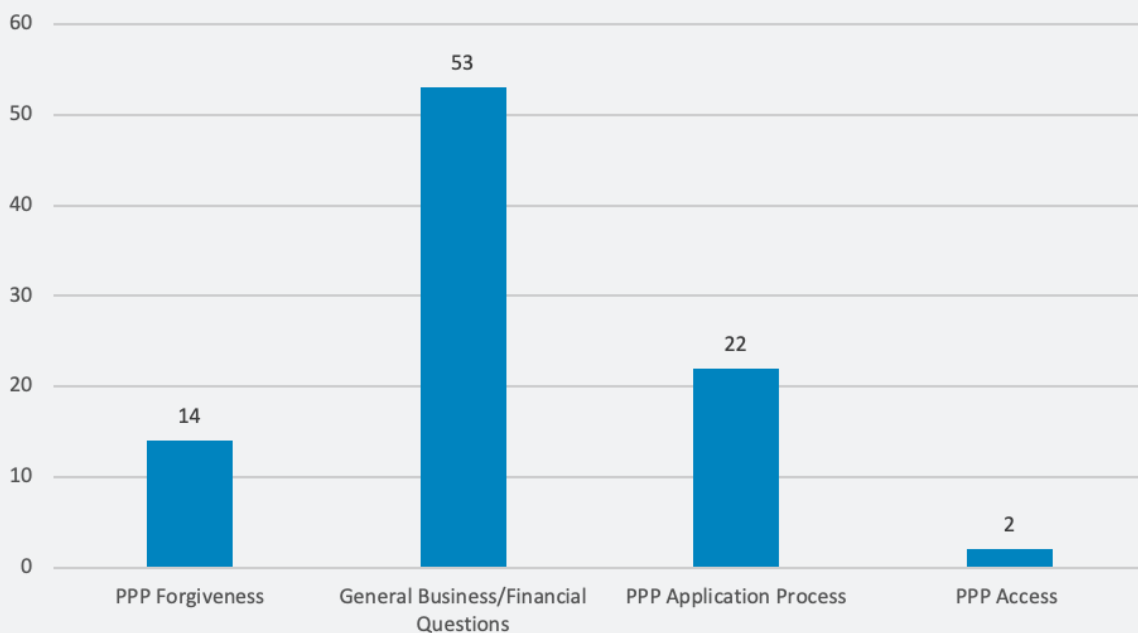
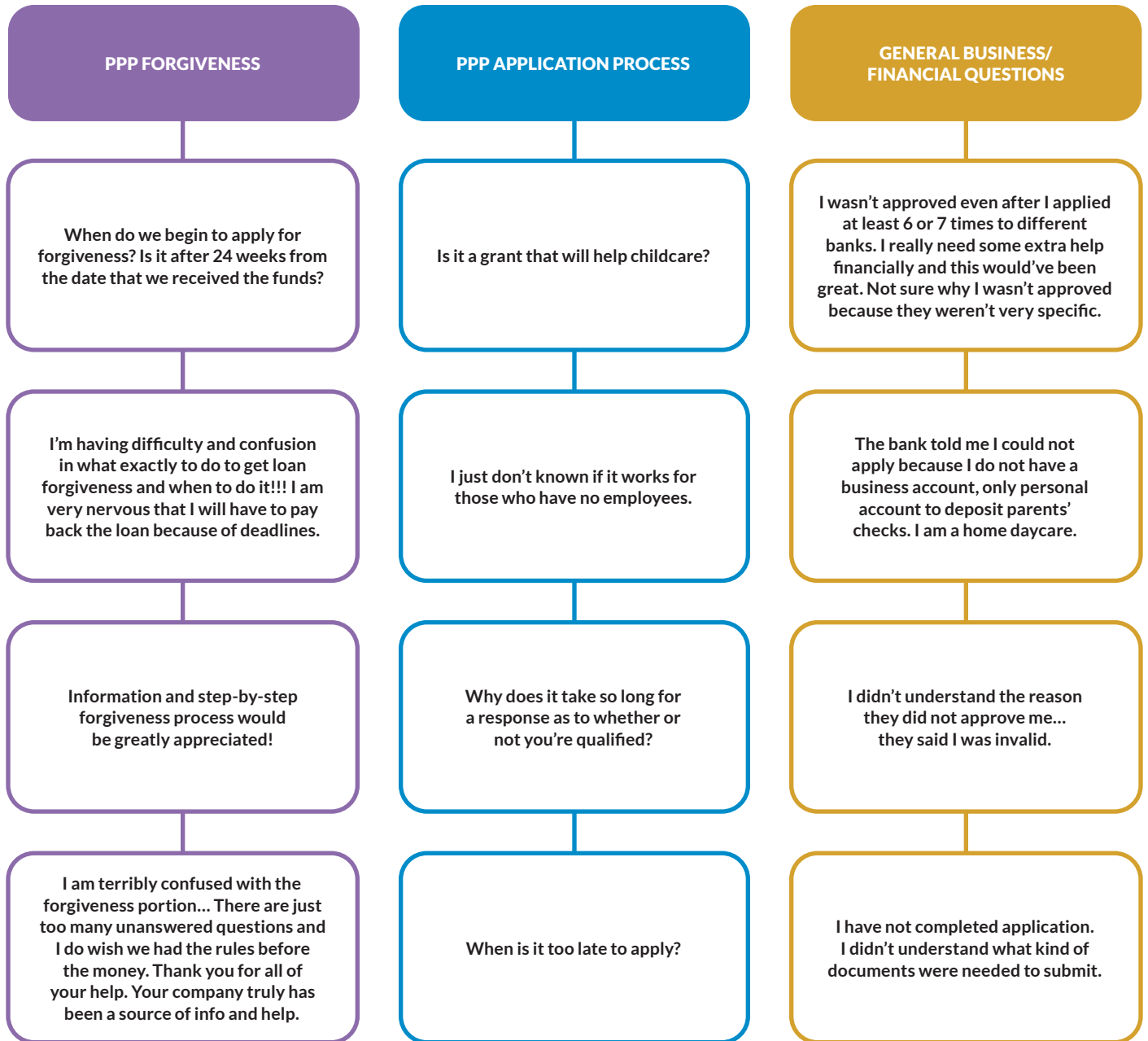


FIGURE 11 Samples of Provider Questions and Comments by Type

Conclusion

Deploying technical assistance through a network of intermediaries (i.e. coaches, advocates, and administrators) proved to be a cost-effective way to reach many providers and connect them with the support they needed to access funding. Intermediaries were provided with the necessary tools and information to provide assistance and support to a larger group of providers, thus creating the opportunity to impact a much more expansive network than if technical assistance had only been given directly to providers.

Overall, this project showed that technical assistance was greatly needed, and demonstrated just how much support and guidance home-based early child care providers were lacking. The project was impactful in connecting these providers to critical funding at a time when many small businesses, particularly those whose owners stem from typically marginalized populations, are struggling to survive. As shown in this report, the PPP application process proved to be overwhelming and intimidating for many providers and we can safely assume that they would likely have shied away from trying to apply without receiving help to get started.

This project also revealed two additional areas of concern moving forward. First, it is likely that providers will struggle with the preparation and submission of their forgiveness application just as much as they did with their original application.

In one recent question asked via email, a provider was confused about how to spend her PPP funds, and revealed an error that would have resulted in the entire amount of her loan being owed back at the 1% interest rate with none of the loan forgiven had she not been able to find an answer to her question. The forgiveness process, which will include determining which expenses are forgivable, understanding how to navigate rehiring employees (understanding Safe Harbor eligibility), and collecting necessary financial documentation, will likely prove overwhelming and intimidating and may also greatly impact the forgiven amount of providers' loans. Home Grown has already started a new project to support the forgiveness process which is likely to mitigate barriers for providers.

Secondly, the challenges experienced by providers during the PPP loan application process also showcase the lack of business acumen and infrastructure that currently exists among home-based child care providers. It was clear in their responses that they often relied on "paper and pencil" accounting systems and did not have a clear sense of their current or near-term financial health. Accordingly, support is likely needed in the near-term to support the forgiveness application process. Further, it indicates operational weaknesses that will likely hamper the providers' ability to weather the current pandemic and recover afterward.



About Luminary Evaluation Group

Luminary Evaluation Group collaborates with both funders and organizations to assess programmatic impact, co-design scaling plans, and evaluate levels of operational efficiency and profitability. Evaluations conducted by Luminary Evaluation Group are not simple “temperature checks” or compliance measurements. The process is actionable and focused, offering organizations a clear path to operational improvement and greater efficiency beyond the evaluation.



Luminary Evaluation Group services include the following:

- **Formative & Summative Assessment** — Evaluates programs during and after implementation to improve execution and impact.
- **Rapid Feedback Evaluations** — Produces actionable data for organizations of any size or budget.
- **Uptake & Scaling Analysis** — Assesses opportunities presented and the costs and benefits that solutions offer.
- **Portfolio Assessment** — Guides grant makers in their investment decisions to improve the effectiveness of investments.

Throughout every engagement, Luminary Evaluation Group provides an independent, skilled eye to understand organizational and programmatic effectiveness. Each evaluation includes not just data collection and feedback processes, but rather a collaborative team effort supporting clients as they understand and implement the needed changes to improve performance.

Alison LaRocca, *Director of Evaluation*

In this key role, Alison helps to design and lead the implementation of all evaluation projects. She also selects team members and ensures the overall quality and impact of our products. In her evaluation work, Alison draws upon her extensive practical experience as a seasoned educator with some of Massachusetts' most vulnerable children. She holds a Master of Education from Merrimack College and a Bachelor of Arts in History from Williams College.

Gary Romano, *CEO*

With more than 20 years of management and consulting experience, Gary supports the design and direction of all our evaluations. He is an award-winning strategist, author, and advisor for nonprofit leaders and entrepreneurs whose work has helped grow national and regional organizations, move startups to stable state, and bring new ideas to market. He is the published author of two books, *Small But Mighty*, which is helping entrepreneurs to launch and grow nonprofit consultancies, and *Lean Recruitment*, an innovative system to cost-effectively recruit talent. Gary is a SHRM Certified Senior Professional and has a Master's in Urban Affairs and Planning and a Bachelor's in Political Science.