

Unlocking Nebraska's Potential: Child Care as a Key to Nebraska's Economic Future

New report from the Nebraska Chamber Foundation provides insights on inadequate child care in Nebraska

Understanding inadequate child care in Nebraska

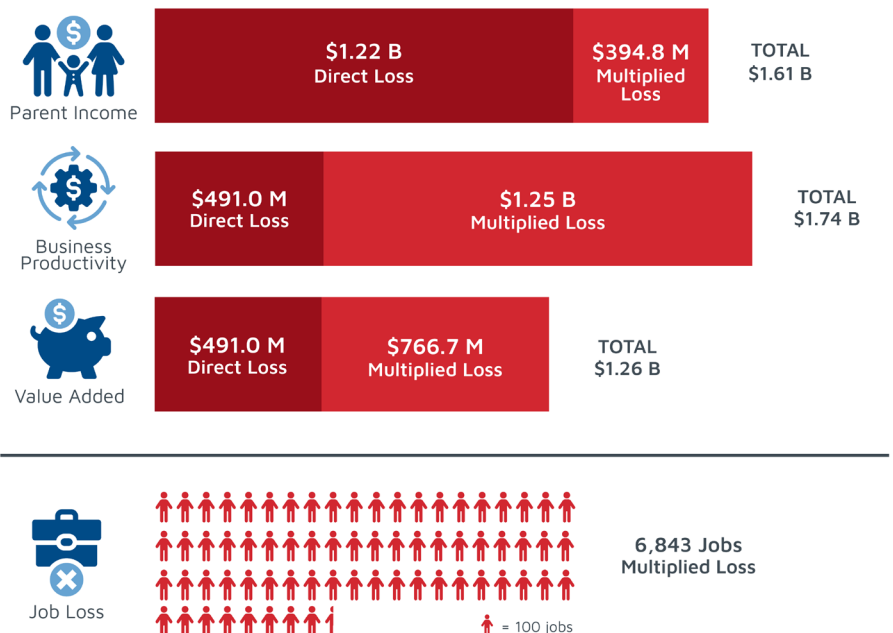
Parents of young children need access to affordable and reliable quality child care to work, provide for their families, and contribute to their local economy. High child care costs, waitlists, long driving distances, and lack of safe or reliable options prevent parents from fully participating in the workforce. This inadequacy of child care access not only undermines parents' ability to work but also impacts businesses and the economy. In 2020, a study by First Five Nebraska (FFN) and the University of Nebraska-Lincoln Bureau of Business Research (UNL BBR) found that inadequate child care cost Nebraska millions in lost income and business output, as well as thousands of jobs.

Building on this work, the Nebraska Chamber Foundation commissioned FFN and UNL BBR to update and expand their 2020 study. Published in October 2025, *Unlocking Nebraska's Potential: Child Care as a Key to Nebraska's Economic Future*, provides a more detailed assessment on Nebraska's child care needs, including an in-depth look at Nebraska industry leaders' perspectives and an evaluation of strategies that other Midwestern states have implemented to address inadequate child care access.

Nebraska's economic impact of inadequate child care

Below is the current annual economic impact of inadequate child care in Nebraska. Direct losses such as lost wages or productivity due to absenteeism or turnover also multiply losses that ripple through the state economy. Direct and multiplied losses also stem from lost "value added" on business output, which refers to the difference between a product's final value and the cost of goods or services required to produce it. In totaling direct and multiplied losses, inadequate child care annually costs Nebraska \$1.61 billion in lost labor income, \$1.74 billion in business output, \$1.26 billion in value added, and 6,843 jobs.

Since the 2020 study, the economic impact of inadequate child care in Nebraska has more than doubled, largely due to an increase in the share of parents reporting a need to leave or greatly change a job because of concerns about child care.



How Nebraska compares to other Midwestern states

The new report compares Nebraska's economic impact and other industry indicators to five Midwestern states: Colorado, Iowa, Kansas, South Dakota, Wyoming and Michigan.

- Nebraska has higher labor force participation (68.8%) than all other peer states.
- Nebraska also ranks third in the share of children under 6 with all available parents in the labor force (74.6%), which is an indicator of the potential need for child care.
- Among peer states, Nebraska has the highest rate of natural change (0.31% growth in births minus deaths) and second highest birth rate (12.24 births per 1,000 residents), suggesting that child care will be a continued need for Nebraska parents.
- Although larger state economies (such as Michigan and Colorado) had the highest economic impact of inadequate child care, when measured as a percentage of state income, Nebraska ranked in the middle of peer states for lost state GDP (0.68%) and lost labor income (1.12%).

Innovative public policies implemented in other states

Public policies in three peer states create public-private partnerships with businesses to address access to child care. Although each of the statewide policies varies in approach, all have a positive economic impact.

- Michigan's MI Tri-share program helps make child care more affordable by distributing the cost equally between employers, the state, and employees who make between 200% and 325% of the Federal Poverty Level.
- Iowa's Child Care Solutions Fund increases child care availability by providing funds to child care providers to supplement or increase wages.
- Colorado's Design Lab and Employer-Based Child Care Grants develop new child care facilities by helping larger employers with startup grants, including technical assistance support and capital funding.

Recommendations for addressing inadequate child care

Whether it's helping middle-wage workers afford child care (Michigan), supporting the child care work force (Iowa), or helping employers develop new child care facilities (Colorado), Nebraska has options for how to address inadequate child care. If any of these solutions are adopted, an adequate dollar match is necessary to properly incentivize businesses. Nebraska also needs accessible and quality data to inform policymakers on whether child care is properly funded and if solutions are making an impact. Public-private partnerships are likely to be just one of many strategies used to address inadequate child care in the state.



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