



Nebraska's Economic Impact of Inadequate Child Care

Lack of affordable and reliable quality child care affects Nebraska's working parents, businesses, and the state economy, including total losses of **more than \$1.6 billion in parental income and \$1.7 billion in lost business productivity annually.**



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The importance of child care to Nebraska's economy

The child care industry is foundational to Nebraska's state and local infrastructure. When parents have trouble accessing affordable and reliable quality child care, this can lead to various economic losses, including parents forgoing promotions at work or a disruption in business productivity.

In 2020, First Five Nebraska (FFN) and the University of Nebraska–Lincoln Bureau of Business Research (UNL BBR) released *The Bottom Line*, an analysis of the statewide economic impact of inadequate child care. The report showed inadequate child care resulted in statewide annual losses of \$639 million in parent income, \$731 million in business productivity, \$26 million lost in state income tax revenue and 3,337 jobs.¹

Recently, the Nebraska Chamber Foundation partnered with UNL BBR and FFN to examine how the economic impact of inadequate child care has changed in Nebraska since 2020. This overview summarizes key findings of the economic impact analysis of their report published in October 2025.²

Impact on working parent income

Access to affordable and reliable quality child care options give Nebraska working parents the freedom to work and provide for their families. When child care options are inaccessible due to cost, location, or reliability, parents are forced to make difficult decisions.

Annual Losses to Working Parent Income Direct Annual Impact of Inadequate Child Care Options

Absenteeism.....	\$80.3 M
Turnover/Job Loss.....	\$521.7 M
Remaining Part-Time.....	\$97.7 M
Going from Full-to Part-Time.....	\$412.0 M
Forgoing a Promotion.....	\$108.0 M
Total Direct Loss.....	\$1.22 B

Even short-term disruptions in child care can lead to lost wages, especially among hourly-wage workers who may not have paid time-off benefits. When nearby child care centers or family home providers permanently close, parent options become limited. Parents may need to switch jobs, go from full to part time, or forgo a promotion just to provide adequate care for their children.

Impact on business productivity

When parents do not have access to the child care they need, employers also experience economic losses. These losses may take the form of lower productivity, replacement costs for hourly workers, or added costs to hire and train new workers when workers leave a job or are let go due to problems with child care.

Annual Losses to Businesses	
Direct Annual Impact of Inadequate Child Care Options	
Absenteeism Costs for Hourly Workers.....	\$40.1 M
Productivity Loss for Salary Workers.....	\$265.0 M
Employee Turnover.....	\$185.9 M
Total Direct Loss.....	\$491.0 M

Impact on value added to business production

Inadequate access to child care options not only leads to lost worker wages and business productivity but also leads to downstream losses in production. The value of a product is greater than the costs of goods or services required to produce it. This difference, then, between total production value

and input expenses is value added. Value added can vary by industry, but when business output decreases, value added decreases as well, incurring an economic impact. When businesses incur costs related to inadequate child care, productivity decreases, which then reduces the value added to business outputs.

The ripple effect from direct economic impacts

The consequences of lost parental income, business productivity, and value added to production have a ripple effect within the state economy. For example, parents who lose income because of inadequate child care may spend less on household items, housing, food, transportation, healthcare, entertainment, or shopping. Similarly, businesses that experience losses in productivity will negatively affect the outputs of other sectors of the economy, leading to further multiplied losses and jobs.

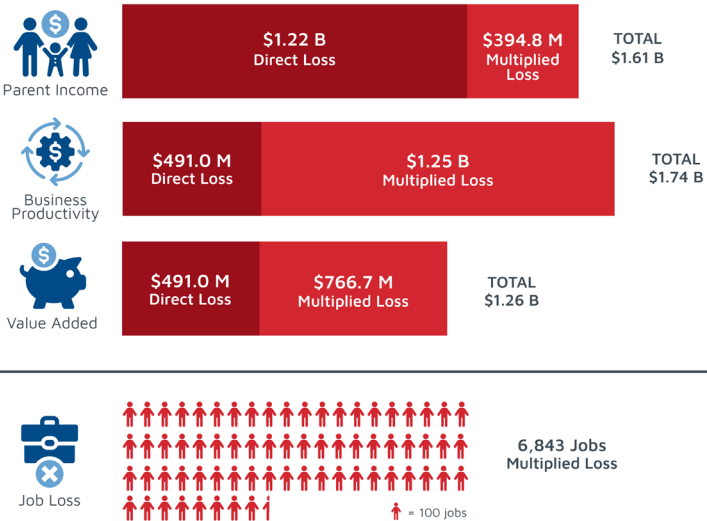
When inaccessible child care causes lost parental income and business output, households spend less on goods and services that contribute to Nebraska's economy. In turn, Nebraska's businesses earn less revenue and create fewer employment opportunities. The direct and multiplied losses impact the local and statewide economy.

2025 Economic Impact

Direct and multiplied annual economic impacts of inadequate child care in Nebraska

Even after adjusting for inflation, the changes in the economic impact of inadequate child care have approximately doubled since 2020. This jump is due to an increase in the percentage of parents reporting a need to leave or change their current job because of concerns with child care. Although these concerns grew rapidly with the onset of the COVID-19 pandemic, they have not completely returned to pre-pandemic levels.

Total economic impact of inadequate child care in Nebraska (2025-adjusted dollars)			
Impact	2020	2025	Change
Parent Income	\$781.3 M	\$1.61 B	106.6%
Business Productivity	\$893.6 M	\$1.74 B	94.8%
Job Loss	3,337	6,843	105.1%



¹Thompson, E., Rosenbaum, D., & Cass, H. (2020). The Bottom line: Economic impacts of inadequate child care access in Nebraska. University of Nebraska—Lincoln Bureau of Business Research & First Five Nebraska. https://firstfive-nebraska.org/wp-content/uploads/2021/07/Bottom_Line_Report-FINAL.pdf
²Thompson, E., Herian, M., Goettemoeller Wendl, J., Fischer, T., Bass, K., & Brady, S. E. (2025, October). Unlocking Nebraska's potential: Child care as a key to Nebraska's economic future. Nebraska Chamber Foundation. https://www.nechamber.com/uploads/1/1/3/1/6/131641147/2025_childcare_study.pdf