October 2025

Unlocking Nebraska's POTENTIAL:

Child Care as a Key to Nebraska's Economic Future

Prepared for the Nebraska Chamber Foundation in partnership with First Five Nebraska and the Bureau of Business Research at the University of Nebraska-Lincoln

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The NE Chamber Foundation is committed to providing nonpartisan, data-driven research that informs Nebraska’s approach to key economic challenges and opportunities. Through thoughtful analysis and evidence-based insights, our reports aim to support sound policymaking and long-term strategic planning to ensure a prosperous future for all Nebraskans.

Unlocking Nebraska’s Potential: Child Care as the Key to Nebraska’s Economic Future

High-quality, affordable, and accessible childcare is a cornerstone of a strong economy. In Nebraska, the availability of reliable childcare is not merely a convenience for working parents—it is a critical factor in workforce participation, talent attraction and retention, and the state’s overall economic resilience.

However, the state is facing mounting challenges: limited childcare availability, rising costs, and an overstretched provider workforce. These issues are straining families, hindering economic growth, and impacting Nebraska’s ability to compete in an increasingly talent-driven economy. In today’s evolving labor market, addressing childcare is no longer just a family issue - it is an economic imperative. A robust childcare infrastructure supports the workforce of today and helps prepare the workforce of tomorrow.

This 2025 report, prepared by First Five Nebraska and the University of Nebraska-Lincoln’s Bureau of Business Research, offers a comprehensive overview of Nebraska’s childcare landscape. It outlines key trends and economic impacts, explores successful examples of business engagement in child care across the state, compares Nebraska’s landscape against peer states, and provides peer state examples policymakers might consider in supporting a childcare system that meets the needs of Nebraska’s communities and economy.

We extend our sincere thanks to the US Chamber Foundation and the sponsors of this report, listed within the full document. Their support makes this important research possible.

Best regards,

Tera Norris
President
NE Chamber Foundation

Jason Prokop
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Executive Summary

Child care services are a significant cost for Nebraska families with young children, with median annual costs ranging between $9,000 to $15,000 per child for center-based care. Family child care homes can be more affordable but still may cost many thousands of dollars each year. Even families who do not purchase child care services can bear a significant financial burden, since parents or other relatives may reduce or eliminate participation in the labor market to provide child care. More generally, limited access to child care can create a financial burden on families and businesses, as has been documented for Nebraska.

This study aims to update previous research on the economic impact of inadequate access to child care in Nebraska, utilizing parent self-report data measuring the impact of child care concerns on parents' ability to work. Parent concerns about child care may include lack of available child care, inaccessibility of child care due to cost or ability to locate child care that is safe and reliable. While the studies do not differentiate the child care concern specifically, they indicate that working parents have concluded that the child care system is not adequate for their needs. Further, this study expands that research by incorporating the experiences of Nebraska industry leaders. Additionally, the findings for Nebraska are placed in context by comparing the economic impact in the state to other Midwestern states. The report also includes a review of Midwestern statewide policies that create public-private partnerships with businesses to address inadequate access to child care and to measure the economic impact of those policies. Key findings include:

Economic Impact in Nebraska

- The estimated annual impact of inadequate child care in Nebraska, including both direct and multiplier effects, is $1.74 billion in business output and $1.61 billion in lost labor income. This leads to a $63.8 million loss in state income tax revenue and a reduction of 6,843 jobs in Nebraska.
- Since the 2020 Bottom Line study, the impact of inadequate access to child care has grown. After adjusting for inflation, business output losses were 94.8% larger, labor income loss grew by 106.6% and employment loss grew by 105.1%.
- The approximate doubling of the estimated annual economic impact was due to a large increase in the share of parents reporting a need to leave or greatly change a job as a result of concerns about child care. Such concerns grew rapidly after the onset of the COVID-19 pandemic.
- The experiences of Nebraska industry leaders confirmed the economic impact of inadequate child care on their operations. Even short-term lack of adequate child care can lead to increased labor costs and decreased productivity.
- Nebraska industry leaders outlined the opportunities and barriers experienced when addressing child care challenges for their employees. Case studies identified collaborative and business-led approaches across the state.

How Nebraska Compares to other Midwestern States

- Nebraska has higher labor force participation (68.8%) than all other Midwestern states included in this analysis (Colorado, Iowa, Kansas, Michigan, South Dakota and Wyoming). Relatedly, 74.6% of Nebraska children under age 6 are in households where all available parents are in the workforce, only slightly below the rates in Iowa (76.0%) and South Dakota (75.2%).

- Nebraska has the highest rate of natural change (births minus deaths) and second highest birth rate of the Midwestern states included in the analysis. The combination of high labor force participation and high birth rates indicates child care will be a continued need for Nebraska parents.
- The economic impact of inadequate child care in Nebraska, as measured by the percentage of state income (1.12%), is slightly below the share found in the top ranked states of Colorado, Iowa and Kansas.

Public Policies

- Three of the six Midwestern states in the analysis (Iowa, Colorado and Michigan) have statewide policies that create public-private partnerships with business to address access to child care.
- The statewide policies vary considerably in structure, and all have a positive economic impact.
  - Michigan's MI Tri-Share program helps moderate-income workers afford child care by distributing the costs equally between the employee, their employer and the state.
  - Iowa's Childcare Solutions Fund creates new child care slots by attracting and retaining workers in the child care industry.
  - Colorado's Design Lab helps larger employers develop a plan for new child care facilities with the opportunity to apply for startup grants.

Recommendations for Addressing Child Care

- There is precedence for statewide public-private child care policies. Policymakers should choose the state program that addresses their priorities, whether that is to help moderate income workers afford child care (e.g., Michigan), to develop new child care slots by attracting and retaining workers in the child care industry (e.g., Iowa) or to help larger employers develop new child care facilities (e.g., Colorado).
- If a public-private solution to child care shortages were to be adopted in Nebraska, an adequate dollar match from business will ensure that any new program is most effective in drawing substantial funding from business support.
- Public-private partnerships between government, non-profits and businesses have the potential to have a positive economic impact on the state. However, public-private partnerships are likely to be just one of many strategies to address inadequate child care.
- Adequately measuring the potential shortage of child care in Nebraska is critical in terms of informing policy. Therefore, improving the quality of available data, particularly child care capacity data and funding sources, will benefit policymakers and other stakeholders working to improve access to child care in Nebraska. This might be the most pressing step in informing how successful public-private partnerships and other strategies could be designed given Nebraska's unique child care environment, state demographics and financial resources.

1. Introduction

Child care services are a significant cost for Nebraska families with young children. The most recent market rate study from the Buffett Early Childhood Institute shows that median child care costs often range between $9,000 and $15,000 per child per year for center-based care.[1] The upper ranges of costs can reach more than $17,000 annually in urban areas of the state. Family child care homes (FCCH) can be more affordable but still cost many thousands of dollars each year. Even families who do not pay for child care services can bear a significant financial burden since parents or other relatives may work fewer hours or leave the workforce entirely to provide child care. Like other large household expenses such as housing, food or health care, the costs of child care are beyond the reach of some families and limit discretionary spending options for families who can afford to pay for child care services.

A lack of child care access also can create a burden for the larger economy. In 2020, researchers from the University of Nebraska–Lincoln Bureau of Business Research (UNL BBR) worked with First Five Nebraska (FFN) to examine the detrimental effects of a lack of child care services in the state.[2] The study showed that inadequate child care costs Nebraskans $639 million in income, $731 million in business output, 3,337 jobs lost and $26.4 million in unrealized state income tax revenues each year. Such economic impacts, along with the financial burden that child care costs place on families, have prompted Nebraskans, including the state business community, to increase efforts to address access to child care in Nebraska.

This follow-up study from UNL BBR and FFN updates and expands estimates of the impact of inadequate child care on the Nebraska economy and examines efforts by businesses, and partnerships between business and government, to expand access to child care services. Analysis focuses on Nebraska but also seeks to understand trends in the child care sector and its impact on the economy in other Midwestern states.

The study begins by providing an updated estimate of the annual impact of inadequate child care on the state economy. In a second section, the economic impact is discussed through qualitative interviews with business leaders in Nebraska and includes case studies of how businesses in Nebraska are working independently or collaboratively to provide child care access to their employees. A third section of the report compares child care services in Nebraska with those found in other Midwestern states: Iowa, Kansas, South Dakota, Wyoming, Colorado and Michigan. One goal is to see how Nebraska's industry and need for child care may lag or lead compared to other states. Another goal is to compare the economic impact of inadequate child care in Nebraska with the comparison states. A final section examines potential statewide policies that encourage businesses and the public sector to collaborate in improving child care access. We specifically examine statewide policies that have been introduced in Iowa, Colorado and Michigan, and measure how business involvement has impacted the child care industry and economy in each state.

2. The Economic Impact of Inadequate Access to Child Care in Nebraska

This section provides an updated estimate of the impact that inadequate child care has on the Nebraska economy. The section also provides the results of semi-structured interviews and case studies examining how child care access influences the Nebraska economy and steps that businesses and other organizations are taking to expand child care access for their employees and in their home communities.

An Economic Impact Update

In its 2020 study, "The Bottom Line: Economic Impacts of Inadequate Child Care in Nebraska,"[3] UNL BBR faculty estimated the statewide economic impact of inadequate child care in Nebraska based on key model factors including counts of married and single parents of children under age 5[4] who work in Nebraska, and the average earnings per job. This information was updated for the current study and then combined with estimates in the literature on how inadequate child care contributes to the frequency of 1) absenteeism, 2) turnover, 3) changing from full-time to part-time employment, 4) choosing not to change from part-time to full-time employment and 5) choosing to forgo a promotion opportunity. This yielded an updated estimate of lost parent income from work due to inadequate child care as well as lost productivity for their employers.

The *American Community Survey (ACS*) by the U.S. Census Bureau provides an estimate of the number of households by type (married couple, single male householder, single female householder) with children under age 6 for the 2019 to 2023 period[5] (the 2013-2017 period was used in the 2020 study). Counts of the number of households with children under age 6 were used to estimate the number of households with children under age 5 using interpolation. Counts of households with young children are reported in Table 1 for the current study and the 2020 study. As is evident in Table 1, while the population of Nebraska grew from the 2013-2017 period to the 2019-2023 period, the number of households with young children declined slightly. The estimated number of households with children under age 5 fell by 3.6%. The decline resulted from a drop in the number of households under age 5 headed by a single female, which dropped by 17.8%. The estimated number of married couple families with young children changed little, dropping by 1.2%. The number of young children in households headed by a single male rose by 10.5%.

Table 1. Estimated Households with Children Under Age 5

Household Type	2020 Study	Current Study	Percent Change
Married Couple	61,748	61,012	-1.2%
Single Male	5,733	6,333	10.5%
Single Female	17,241	14,165	-17.8%
Total	84,722	81,634	-3.6%

Source: American Community Survey Table S1101, UNL BBR Calculations

Household counts in Table 1 were used to estimate the number of employed parents in households with children under age 5, based in part on a national report[6] on the employment rates of men and women in married couple households, and male and female householders, developed by the U.S. Bureau of Labor Statistics (BLS). While the national average rates were utilized in the 2020 study, national averages were modified in the current study to create state rates utilizing data from two other tables provided by the ACS.[7] As a result, state estimates in the current study for Nebraska reflect the larger employment-to-population ratios found in Nebraska. The employment-to-population ratio in Nebraska for persons 16 and older is 65.9% compared to just 60.6% nationwide.[8]

There were an estimated 103,236 employed parents in married-couple families with young children in Nebraska in 2024, with about 17% of those parents working part time rather than full time. Across all family types, there were 119,276 employed parents in households with young children, with about one-sixth working part time.

The last column of Table 2 shows the estimated number of workers if unadjusted national employment rates had been used in the current study as in the 2020 study. The estimated number of workers is 5.5% higher due to the improved methodology used in the current study.

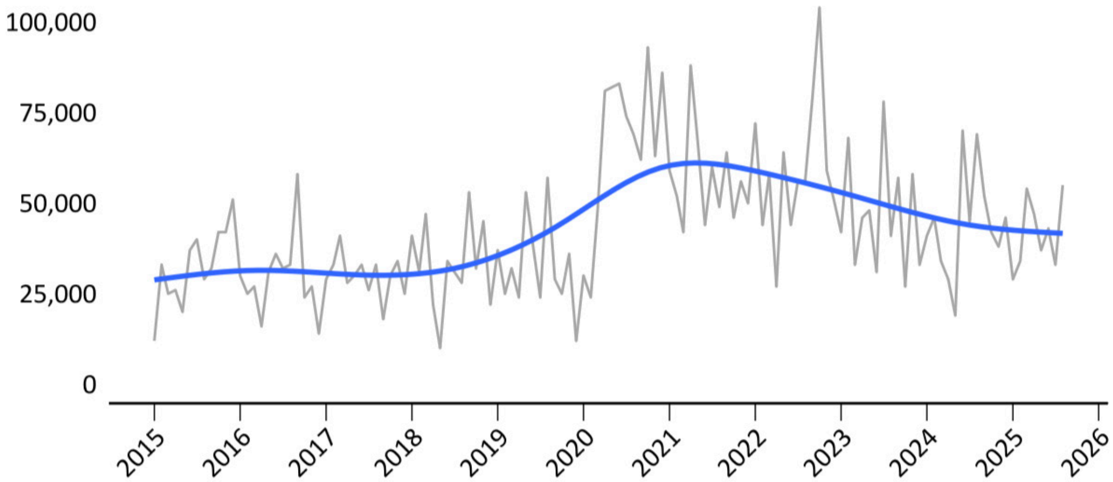
Table 2. Estimated Number of Employed Parents with Children Under Age 5 by Household Type in Nebraska

Household Type	Full-Time	Part-Time	Nebraska Total	Total if National Averages Used
Married Couple	85,330	17,906	103,236	98,005
Single Male	4,613	968	5,581	5,402
Single Female	8,646	1,814	10,460	9,646
Total	98,589	20,688	119,276	113,053

As in the 2020 study, the current study estimates costs for working parents with young children when inadequate access to child care leads to 1) absenteeism, 2) turnover, 3) changing from full-time to part-time employment, 4) choosing not to change from part-time to full-time employment and 5) choosing to forgo a promotion opportunity.[9] The data used in the estimates for the 2020 study were collected prior to the COVID-19 pandemic, which caused significant disruptions for parents (see Figure 1). According to national, monthly data from the BLS *Current Population Survey*[10], the number of employed parents who reported not being at work at all during the entire survey reference week rose sharply in April 2020 (81,000) and peaked in October 2022 (104,000). The annual average of this number decreased as of 2024 (44,000) but remains higher than the annual average in 2019 (33,000).

Therefore, survey data on parents' concerns with child care collected during the pandemic and pandemic-recovery period (2020-2023) may overestimate parents' current concerns. However, because of evidence suggesting that parental work disruptions have not returned to pre-pandemic levels[11], relying solely on pre-pandemic data may underestimate parents' current concerns with inadequate child care access. To calculate estimates that accommodate new research without relying solely on data collected during the peak of child care disruptions, the current study employed a strategy that includes estimates based on two studies conducted before 2020 and two studies conducted after 2020.

Figure 1. Number of Employed People Not at Work Due to Child Care Problems



Source: U.S. Bureau of Labor Statistics. Current Population Survey. Accessed 9/12/25 from https://data.bls.gov/timeseries/LNU02096055

Table 3 displays estimates of the share of working parents who have had work disrupted by absenteeism or turnover due to concerns about childcare. Parent concerns about child care may include lack of available child care, inaccessibility of child care due to cost or ability to locate child care that is safe and reliable. The studies do not differentiate parent concerns; however, any of the concerns described above indicate that working parents have concluded that the child care system is not adequate for their needs. The table also shows the share of working parents who work part time rather than full time or have turned down a promotion due to concerns about child care. Note that estimated shares were developed in the 2020 study[12] based on five research studies, which surveyed parents in the states of Maryland, Louisiana and Georgia or nationally about changes in their work situation due to concerns about child care.[13,14,15,16,17] Such comprehensive survey data were not available for Nebraska in 2020 or for the current study. Four of the studies provided information about a broad set of employment disruptions while Montes and Halterman (2011) only provided information about absenteeism. Rates utilized in both the 2020 study and the current study are shown in Table 3. Rates for the current study were re-calculated after replacing data from the earlier national and Georgia studies with updated studies by the same organizations conducted after the COVID-19 pandemic.[18,19] The sharp increase in rates in Table 3 between the 2020 study and the current study reflects that parents are more frequently reporting disruptions at work due to child care concerns in the period after the COVID-19 pandemic. For example, the share of families reporting that a parent switched from full-time to part-time employment due to child care concerns rose from 18% in 2018 to 34% in 2022, according to the pre- and post-pandemic national studies conducted by ReadyNation Council for a Strong America.

"A parent switching from full-time to part-time employment due to child care concerns rose from 18% in 2018 to 34% in 2022.[18]"

Table 3. Impacts on Workers and Businesses Due to Child Care Concerns

	2020 Study Impact	Current Study Impact
Impacts on Workers		
Percent of Individuals with Child Care-Related Absenteeism	39.2%	41.2%
Annual Days of Absenteeism	10.9 Days	13.6 Days
Percent of Annual Employee Turnover Related to Nebraska	4.3%	10.4%
Length of Unemployment Due to Turnover	36 Weeks	36 Weeks
Unable to go From Part Time to Full Time (Single Parent)	14.7%	13.5%
Unable to go From Part Time to Full Time (Married Parent)	7.3%	12.5%
Went from Full Time to Part Time (Single Parent)	16.3%	22.1%
Went from Full Time to Part Time (Married Parent)	12.5%	20.5%
Turned Down a Promotion (Single Parent)	11.6%	18.0%
Turned Down a Promotion (Married Parent)	9.6%	16.2%
Impacts on Businesses		
Cost of Absenteeism for Wage Workers	50% of Lost Wages	50% of Lost Wages
Cost of Absenteeism for Salary Workers	278% of Lost Wages and Benefits	278% of Lost Wages and Benefits
Turnover Costs Per Worker	20.7% of Annual Income	20.7% of Annual Income

Source: The Bottom Line: Economic Impacts of Inadequate Child Care Access in Nebraska

Absenteeism and turnover (which can include a period not working after separation) are two types of impacts on workers included in Table 3. Employers are aware that they will face absenteeism and turnover, but do not know when either will occur.

The impact on workers in Table 3 also reflects worker choices about how much to engage in the workforce, specifically when workers choose to move into or stay in part-time employment in response to concerns with child care, or choose to turn down a promotion for the same reason. Note that the impact on workers in Table 3 does not include the lost earnings of parents who choose to permanently withdraw from working until their children reach age 5 due to concerns about child care access.

The impact on businesses in Table 3 reflects the phenomenon of absenteeism and turnover. Employers may need to pay overtime or hire temporary workers (both at a higher cost) in response to absenteeism and some tasks may go uncompleted. Both factors reduce the productivity of businesses. Turnover also reduces productivity given that some tasks go uncompleted before the worker is replaced and employee time and other resources are utilized in hiring and training new workers.

Note that the impact on businesses in Table 3 does not include costs to businesses when employees choose to engage less in employment while their children are young such as when workers choose to work part time or forego a promotion. Once employers know the choices of their workers who are parents of young children, businesses have the potential to introduce labor-saving capital (e.g., machinery, new software) in production when facing reduced worker hours. As a result, it is unknown how much business output will fall when parents choose to engage less in employment.

Table 4 updates 2019 values (Table 2 of the 2020 report) for the average annual earnings of full-time and part-time workers in Nebraska to 2024 values. Values were updated to 2024 using the increase in the mean annual earnings of full-time workers reported in Subject Table S2001 of the ACS for 2019 and 2024 (1-Year Estimates).[20]

Table 4. Average 2024 Earnings by Household Type

	Married	Single Male	Single Female
Average Earnings Full Time	$72,609	$36,928	$29,096
Average Earnings Part Time	$31,162	$18,823	$18,823

Source: The Bottom Line: Economic Impacts of Inadequate Child Care Access in Nebraska updated to 2024 values using Subject Table S2001 (Earnings in the Past 12 Months) of the American Community Survey.

To estimate the lost annual income of Nebraska parents due to inadequate child care, estimates of full- and part-time Nebraska workers by household type from Table 2 were multiplied by current study impact rates from Table 3 and the estimated average annual earnings of Nebraska workers in 2024 from Table 4. Lost income comes from: 1) absenteeism[21], 2) turnover, 3) remaining part time when offered a full-time opportunity, 4) switching from full time to part time[22] and 5) forgoing a promotion.[23] The results are summarized in Table 5 below. The total lost annual earnings in Nebraska in 2024 are an estimated $1.2 billion. The largest losses were due to employee turnover and workers switching from full-time to part-time employment.

"The total lost annual earnings in Nebraska in 2024 are an estimated $1.2 billion."

Table 5. Estimated Lost Annual Income of Nebraska Parents Due to Inadequate Child Care

(in millions) **Household Type**	**Married**	**Single Male**	**Single Female**	**Total**
Absenteeism	$75.1	$2.1	$3.1	$80.3
Turnover	$487.4	$13.6	$20.6	$521.7
Remaining Part-Time	$92.8	$2.4	$2.5	$97.7
Full- to Part-Time	$391.5	$9.9	$10.6	$412.0
Forgoing a Promotion	$100.4	$3.1	$4.5	$108.0
Total	$1,147.2	$31.1	$41.4	$1,219.6

Source: UNL BBR Calculations, BLS and American Community Survey Data

Employee turnover also can be very expensive for employers, as can absenteeism. Table 6 shows the estimated cost of lost productivity due to such factors, utilizing estimates from the literature used in the 2020 study. Specifically, estimates of full- and part-time Nebraska workers by household type from Table 2 were multiplied by impacts on businesses from Table 3 and the estimated average annual earnings of Nebraska workers in 2024 from Table 4 to yield estimates in Table 6 of lost annual output of Nebraska business due to inadequate child care from: 1) absenteeism and 2) turnover (see Table 6). The annual costs and lost output for Nebraska business due to absenteeism and turnover are $491 million.

Table 6. Estimated Annual Costs of Nebraska Businesses Due to Inadequate Child Care

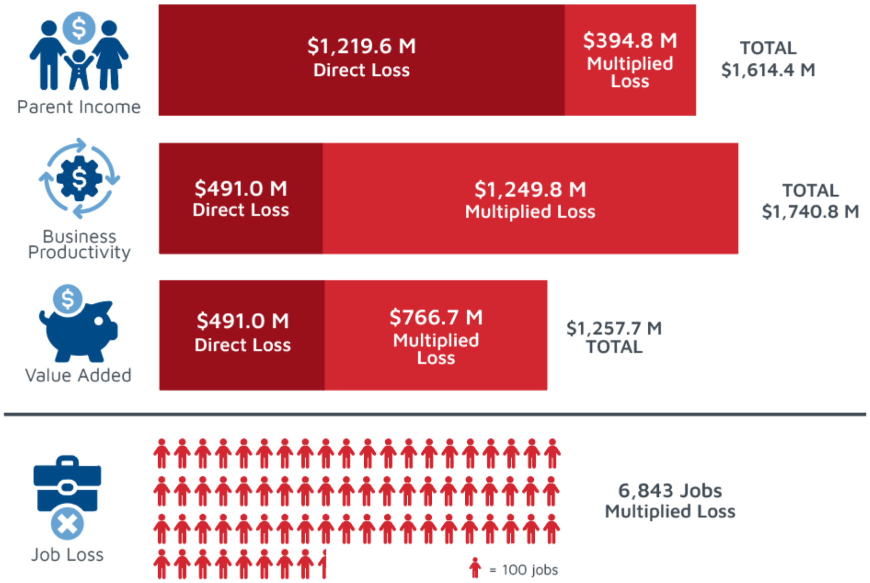
(in millions) **Household Type**	**Married**	**Single Male**	**Single Female**	**Total**
Absenteeism – *Replacement Costs for Hourly Workers*	$37.5	$1.0	$1.6	$40.1
Absenteeism – *Productivity Loss for Salary Workers*	$248.1	$6.8	$10.1	$265.0
Turnover	$173.8	$4.8	$7.3	$185.9
Total	$459.4	$12.7	$18.9	$491.0

Source: UNL BBR Calculations

The lost wages for workers described in Table 5 and the lost output for businesses presented in Table 6 are part of the direct economic impact of inadequate child care on the state economy and are presented in Table 7. Unlike in the 2020 study, Table 7 also includes the impact on "value added," which is the difference between output (the total value of production) and the value of intermediate goods and services purchased as inputs to production.[24] For example, the value added of an auto assembly factory is the difference between the value of finished automobiles and the value of the auto parts that were purchased from suppliers and used in assembly. Given that value added equals output minus the value of intermediate goods purchased, when output declines due to a drop in productivity, value added declines as well. While they are distinct measures, the direct impact on value added in Table 7 is the same as the direct impact on output.[25]

Note also that the direct economic impact on employment is set to zero. As was stated earlier, while the study captures that parents work and earn less due to concerns about child care, it does not capture how many parents of young children may permanently exit the workforce until their youngest child reaches age 5. Because the number of parents permanently exiting the workforce due to child care is unknown, the value is set to zero.

Table 7 also includes a multiplier impact. A multiplier impact must be estimated because the economic consequences of lost parental income ripple further within the state economy. Lost parental income due to inadequate child care implies less household spending. Specifically, impacted households spend less throughout the economy on rent or mortgage, food, vehicles, retail shopping, health care, entertainment and all the other components of household spending. This additional lost economic activity is the "multiplier" impact of inadequate child care on the Nebraska economy.



The size of this multiplier impact in Nebraska is estimated utilizing the IMPLAN model, a commercial software package used in economic impact analysis.[26] The IMPLAN model shows the relationship between lost household income, and lost output, value added, labor income and employment in hundreds of individual industries in a state, county or combination of states and counties. As a result, multiplier impacts for Nebraska are calculated in terms of output, value added, labor income and employment in Table 7. The size of the multiplier impact varies with the unique industry structure of a particular state. The multiplier impact also varies based on household income, with moderate income households spending a larger share of their income (rather than saving it) and spending it closer to home, on average.

Estimated multiplier impacts are presented for output, value added, labor income (wages, salaries and benefits) and employment. While direct impacts are primarily seen in lost wages, multiplier impacts are largest for business output and value added.[27] Table 7 also shows the total economic impact, which is the sum of the direct impact and the multiplier impact. The total annual economic impact is $1.74 billion in output, including $1.61 billion in lost labor income (direct and multiplier) and 6,843 jobs. There also was a loss of $1.26 billion in value added.

Table 7. Estimated Annual Economic Impact of Inadequate Child Care in Nebraska

Type of Impact	Output	Value Added	Labor Income	Employment
Direct	$491.0 million	$491.0 million	$1,219.6 million	0
Multiplier	$1,249.8 million	$766.7 million	$394.8 million	6,843
Total	$1,740.8 million	$1,257.7 million	$1,614.4 million	6,843

Source: UNL BBR Calculations

The $1.61 billion in lost labor income would lead to an annual loss of income tax revenue in Nebraska. The lost annual income tax revenue is estimated at $63.8 million.

Table 8 compares this annual impact estimate from the current study with the estimates from the 2020 study in terms of current dollars.[28] In Table 8 output and labor income impacts from the 2020 study were adjusted upward due to inflation. Impacts in terms of value added are not presented as these were not calculated in the 2020 study. There was substantial inflation during the period, with a 22.1% increase in the price level. Results in Table 8 show that the real, inflation-adjusted, cost of inadequate child care grew by 94.8% for output and 106.6% for labor income during the period. The doubling of impacts reflects that parents are now reporting disruptions at work due to concerns about child care at a much higher rate (see Table 3). Reported disruptions have been significantly higher since the onset of the COVID-19 pandemic.

Table 8. The Impact of Inadequate Child Care in Nebraska in the Current and 2020 Studies

(in current $) **Type of Impact**	**Output**	**Labor Income**	**Employment**
2020 Study	$893.6 million	$781.3 million	3,337
Current Study	$1,740.8 million	$1,614.4 million	6,843
Percent Changes	94.8%	106.6%	105.1%

Source: UNL BBR Calculations, BLS, and The Bottom Line: Economic Impacts of Inadequate Child Care in Nebraska (UNL BBR, 2020)

An Economic Impact Discussion

When adjusting for inflation, the estimated annual economic impact of inadequate child care in Nebraska increased significantly since the 2020 Bottom Line study. Business output, labor income and employment losses approximately doubled due to a large increase in the percentage of parents reporting employment changes related to concerns with child care. Such concerns grew rapidly after the onset of the COVID-19 pandemic with evidence that such concerns have not returned to pre-pandemic levels. If the current study used the same estimated labor impacts from the 2020 study (rates for absenteeism, turnover, remaining part time, etc.), the change in the estimated annual economic impact would have been moderate relative to the current study's results. The sizeable increase in the estimated economic impact of inadequate child care is mainly due to changes in parents' self-reported work disruptions related to child care. The next section provides more detailed information about business concerns.

3. Nebraska Industry Leaders' Views on Access to Child Care

As part of the effort to understand how a lack of child care options affects economic activity in the state, researchers from the BBR held semi-structured interviews with Nebraska industry leaders throughout the state. Identified in conjunction with the Nebraska Chamber Foundation and FFN, the interviewees work in a variety of industries, including higher education, secondary education, health care, manufacturing and professional and business services. In total, nine interviews were conducted.

Industry leaders were asked a standard set of questions related to the current state of child care access, impact of child care on businesses related to costs, retention and productivity, as well as whether innovative steps have been taken to increase child care availability. Respondents were open and honest in their feedback, highlighting the need for child care and the challenges faced with implementing solutions.

Impacts on Businesses

Employers repeatedly mentioned the importance of child care for their businesses. Manufacturers noted how even a short-term lack of adequate child care results in lost productivity and increased costs. For example, on days when schools and centers have closed due to severe or cold weather, manufacturers reported that their companies may experience shutdowns of assembly line sections due to employee absences. In such cases, closed assembly line sections might be opened on the weekend to compensate for the lost time, resulting in paying workers overtime. In another example, employees may be reassigned to work on sections of an assembly line that are not typical, and where tasks may be unfamiliar to the reassigned worker. As a result, worker productivity, and presumably organizational efficiency, is diminished.

> **"Even short-term lack of adequate child care results in lost productivity and increased costs."**

In addition to lost productivity and increased costs, many employers particularly in rural areas, noted the importance of access to child care for recruitment and retention. Employers also mentioned the lack of available quality child care with many employees on waiting lists to simply access a child care slot. Some employers also mentioned employees' preferences for home-based care, which is often more affordable than center-based care. Work schedules also affect access to child care, especially in the health care industry where employees work nights and weekends. Furthermore, institutions that educate and train future early childhood education teachers cite low pay as a primary concern. Respondents stated that communities should prioritize attracting and rewarding individuals who earn credentials in early childhood education.

Engaging in Child Care: Business Considerations

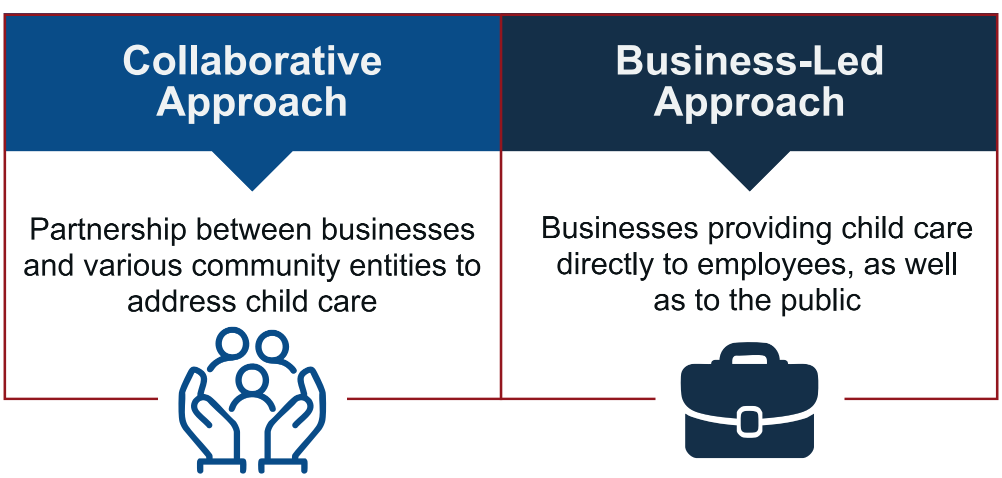
Although Nebraska business leaders agreed that inadequate child care is an issue in their area, businesses and organizations varied in their approaches to addressing the issue. To determine whether on-site child care is an option, businesses need to secure a physical space. One manufacturer decided to repurpose a building in town for a child care center to be operated by a separate entity. Another business had existing land on its campus to build a child care facility, and maintains ownership and operation of the facility. In some cases, center-based care is not the best approach because families in some communities are more reliant on home-based care. One manufacturer questioned whether employees would be able to afford on-site child care even if it was available to them. Another manufacturer determined that the cost of running a child care center was too high and would detract from the primary mission of the company.

Companies that started on-site child care centers cited the challenges with meeting regulatory and licensing requirements. Other employers cited regulatory challenges as a primary reason to outsource child care services to existing child care providers. Child care is regulated to ensure programs meet the minimum standards for health, safety and healthy development of children. When considering providing on-site child care, businesses must consider not just meeting regulations, but the costs associated with monitoring and compliance over time. Because child care programs are regulated by multiple bodies, including child care licensing, public health departments and fire marshals, some businesses seek out partnerships with existing child care providers who have expertise in navigating the complex regulatory system. Recent publications have considered the current regulatory environment in the child care industry.[29,30]

Another factor that businesses consider when addressing inadequate child care is the extent of local, state, and federal support. Locally, businesses may partner with community organizations, providers and economic developers to ensure that whatever solution they enact is sustainable and has community buy-in. Across different businesses and communities, factors may change over time, requiring a flexible response. Several businesses that offer on-site child care noted that the child care center does not make a profit, but is an integral part of their organization's benefit to employees. This benefit indirectly supports the business through lower turnover, increased productivity and better talent recruitment.

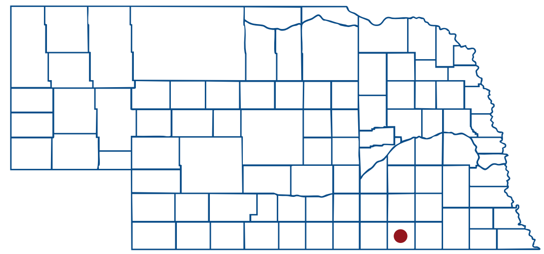
Case Studies: Approaches to Inadequate Access to Child Care

Researchers drew upon conversations with Nebraska industry leaders and researched publicly available information about innovative approaches being taken to address child care shortages in various Nebraska communities. Through this research, two main approaches to addressing Nebraska's shortage of affordable and accessible child care were identified. First, a Collaborative Approach was identified. This approach typically involves a partnership between businesses and various entities in a community. Second, researchers identified a primarily Business-Led Approach, whereby businesses aim to address inadequate child care by providing child care directly to employees, as well as to the public.



Collaborative Approach

The Collaborative Approach to solving the lack of child care can be described as a partnership between various stakeholders in the community. These partners consist of some combination of public entities, private businesses, philanthropic or nonprofit organizations and families who participate in child care usage. The following are three examples of the Collaborative Approach to solving the lack of child care in their respective communities—Thayer County, Norfolk and Gothenburg.



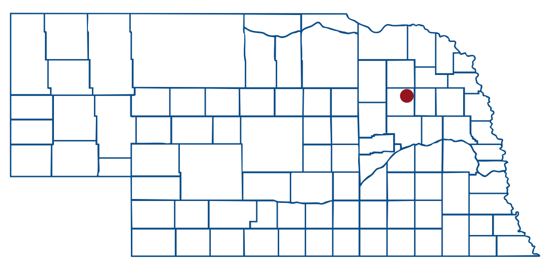
Thayer County. Thayer County is home to several large employers, perhaps most notably Reinke Manufacturing with 400-500 employees. As in other areas throughout Nebraska and the region, workers must have access to reliable child care to maintain employment and thrive in their professional roles.

However, according to a recent news report, Thayer County Economic Development Alliance reported that in March 2022 there were 143 children in the county without child care.[31] Given its large size, employees at Reinke were likely to be disproportionately impacted by the lack of child care in Deshler and the surrounding area. Since that time, local employers and non-profit organizations have worked to address the child care shortage in Thayer County.

In Deshler, a non-profit organization was formed to develop and open a child care center. Named Spring Creek Kids, the center is led by a five-member board of directors.[32] The nonprofit relies on donations, grants and community support. Spring Creek Kids raised startup costs of $100,000 which was matched by two local businesses. Reinke Manufacturing was one of the businesses that matched the dollar amount through a challenge grant. Spring Creek Kids renovated an open building in downtown Deshler. The 5,000-square-foot facility opened in October 2024 and has rooms for infants, toddlers and preschoolers.

In addition to donating to Spring Creek Kids, Reinke Manufacturing has worked to support family child care home (FCCH) providers in Thayer County.[33] In 2024, Reinke took advantage of tax credits available through the Nebraska Child Care Tax Credit Act and donated $40,000 to FCCH providers throughout the county. The donations included larger donations of $10,000, as well as smaller donations of $2,000. Providers receiving the donations were allowed to spend the dollars as they saw fit.

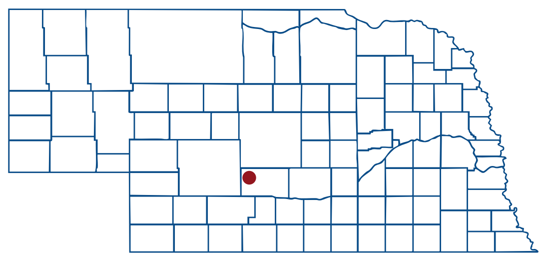
Innovations have been taking place elsewhere in Thayer County as well. In Hebron, a family-led effort to develop a child care center took place in 2023. The Thayer Kids Academy was developed using grant dollars from the Nebraska Department of Health and Human Services and support from the Thayer County Economic Development Alliance.[34] As of November 2024, the center has licensed capacity for 65 children, with 37 children enrolled.



Norfolk. The Norfolk Area Childcare Collaborative (NACC) is a partnership designed to create a sustainable model addressing the child care gap in northeast Nebraska. Daycos, Flood Communications, Elkhorn Valley Bank and Northeast Community College are directly involved in the collaborative's planning and implementation. Their participation highlights the importance of treating child care as essential infrastructure for economic health and workforce stability. The collaboration is also a demonstration of how private businesses and public entities can work together to address child care shortages in a community.

Each of the four NACC members contributes $7,500 annually to cover operational costs and reserve weekly child care slots for their employees, as well as priority access on the waitlist. This ensures reliable access to child care for the workforce of partner organizations and a steady revenue stream for the child care facility. This contributes to the stability and sustainability of the child care facility. Unfilled slots are offered to the public, further alleviating child care shortages in the area. The collaborative is currently negotiating to lease unused educational space in a local church building to serve as their child care facility in Norfolk. NACC plans to open the facility by late spring/early summer of 2026.[35]

The NACC initiative has the potential to provide several economic benefits to Norfolk and the surrounding area. As noted in other places throughout this report, reliable child care allows parents to remain employed, reducing absenteeism and turnover, which saves local employers millions of dollars annually. With access to affordable and reliable child care, employees can focus on their jobs, boosting productivity and enabling career growth. Addressing child care gaps helps families stay in the workforce, increasing disposable income and contributing to taxable retail sales in the area. By reserving child care slots for employees, businesses can attract and retain talent, strengthening the local economy and workforce. The NACC aims to improve conditions for early childhood workers by offering living wages, benefits and professional development opportunities, addressing the industry's challenges of low pay and high turnover. Overall, the collaborative approach will address child care shortages as a critical infrastructure issue, fostering economic stability and growth for Norfolk and the surrounding region. The collaborative is positioned as a pilot model that could be scaled across Nebraska.



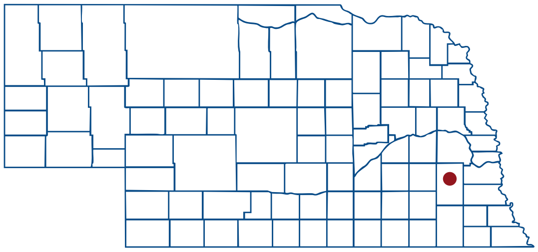
Gothenburg. Gothenburg's Impact Center is a multifunctional community facility built in 2022 with an estimated construction budget of $15.1 million. The facility is comprised of four main features: an early childhood care center, indoor sports facility, healthy families center and large event venue. As of August 2021, an estimated 69 children under age 6 in Gothenburg lacked access to licensed care due to limited space and low wages for providers.[36] The Flatwater Bank Early Learning Center at the Impact Center was designed to tackle the local child care shortage, addressing a growing concern that is causing professionals to leave the area due to the lack of affordable care options.[37] The Gothenburg Impact Center is funded through public-private partnerships including $5.56 million from foundation grants, $4.7 million from local donors, $1.5 million from Gothenburg Public Schools, $900,000 from the City of Gothenburg and $1.76 million from Gothenburg Improvement Company via economic development funds.[38]

One unique aspect of Gothenburg's partnership to address inadequate child care was involving licensed child care providers in planning the center. Prior to committing to building a center, the board of the local child care coalition held conversations with every licensed child care provider in town, including FCCHs, centers and preschools. Every provider said they were at capacity and could not expand their programs to accommodate more slots, leading to the board's decision to build a new center. To ensure the new child care center would not take children enrolled in existing programs, the board asked every Gothenburg licensed provider if they would like to close their program and join the Impact Center's early learning program. In response, all FCCH providers chose to continue operating independently. Two local centers chose to close and combine. Two preschools continued operating independently; one closed and one joined the Impact Center.[39] Such thoughtful coordination and planning ensured that the early learning center at the Impact Center would be large enough to address the child care gap in Gothenburg without competing with other local child care businesses.

Since its inception, local leaders have expressed hope that the Impact Center will significantly improve Gothenburg's quality of life by providing necessary services, such as child care, while also stimulating economic growth by attracting events and visitors through its other features (i.e., indoor sports facility, healthy families center and large event venue).[40] The Impact Center has increased Gothenburg's licensed child care capacity. In the past 12 months they provided care to 90 children who were not previously enrolled in licensed child care in Gothenburg.[41]

Business-Led Approach

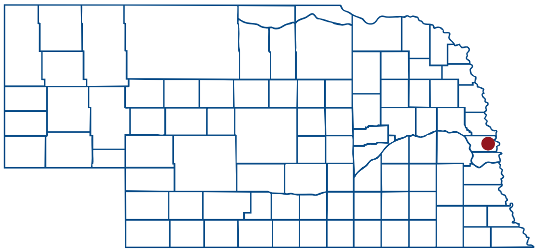
Businesses often take the lead in addressing the lack of child care in Nebraska communities. Businesses can offer child care services directly on site, with child care staff and administration employed by the business, and the facility owned and operated by the business itself. Businesses with child care facilities on site also subcontract the administration of the child care center to a reputable business in the child care industry, with infrastructure ownership by either the business or the subcontractor. Both approaches are seen in Nebraska.



Hudl, Lincoln. Since its founding in 2006, Hudl's workforce has grown rapidly. At its headquarters in Lincoln, Hudl employees have shifted from being mostly young, early-career workers to employees across all career stages. As a result, access to high-quality child care has become a growing need among Hudl's workforce. Hudl recognized that access to high-quality care is an issue facing many employers, especially in downtown Lincoln. In 2022, there was no licensed child care within a mile drive of Hudl headquarters, and the nearest child care options had long waiting lists. By opening a high-quality early care and education center in its headquarters in downtown Lincoln, Hudl could meet both business and community needs.

With employee and community needs in mind, Hudl contracted with a local Primrose Schools franchise owner to manage its on-site child care center. Primrose School at Hudl is a franchise of Primrose Schools, a national accredited preschool system with a reputation for high-quality early care and education. The center provides care for infants through prekindergarten.

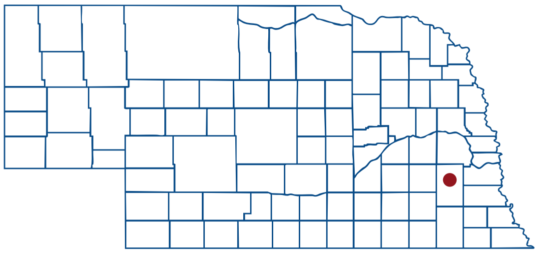
Primrose School at Hudl is open to the public, however Hudl employees receive priority enrollment, and infant slots are available only to employees. The company subsidizes tuition for employees, resulting in Hudl employees paying around $400 less out of pocket per month per child than community members pay. For each employee enrolled in the center, the difference between the employee rate and the community rate is an incurred company expense for Hudl. The center has a licensed capacity of 90, and currently serves 50 children, 74% of whom have at least one parent who is employed by Hudl.



Millard Public Schools Foundation. While it is not a privately-owned business, Millard Public Schools is a major employer in the Omaha metropolitan area. As of the 2023-2024 school year, Millard Public Schools enrolled over 23,000 students, and employed about 1,500 teachers and 1,200 additional staff.[42] The district is the third largest in Nebraska in student enrollment.[43] With the large number of students and staff, there is a strong need for before- and after-school care for the school-age children in the district. The Millard Public Schools Foundation recognized this need and developed "Spark" which provides before- and after-school care on site for school-aged children who attend Millard Public Schools. Spark is also available to district employees for a reduced cost. Parents have the option of choosing before-school care for their children, after-school care, or both. Spark is also available during certain holidays and off days. Spark is offered in the summer as well.

Spark is unique in that the on-site care allows students to seamlessly attend the program without the need for shuttles or other transportation before or after school. Spark instructors give students time to complete homework, if desired by the student. Additionally, structured activities and STEM-based activities are made available to students. Students also have the opportunity to go outdoors, weather permitting.

While technically operated by the Millard Public Schools Foundation, Spark represents another effort by a single organization in Nebraska to develop and deliver high-quality child care to families in Nebraska. Spark serves as a potential model for school-age care for organizations in other Nebraska communities that have access to facilities and a largely on-site clientele.



Bryan Health, Lincoln. Bryan Health in Lincoln- operates two on-site Child Development Centers (CDCs): Bryan Health West CDC and Bryan Health East CDC. These licensed centers provide child care and early learning programs for children (infants, toddlers and preschoolers) of the employees and staff at Bryan. The centers offer wrap-around child care services and transportation for school-age children. The hours of the CDC are extended to accommodate what can be irregular hospital staff hours and shifts. Offering on-site child care is extremely important because it impacts hospital hiring and retention. Child care slots are offered exclusively to Bryan Health employees and there is currently a waitlist and a need for expansion.[44]

The two centers were developed on land and buildings owned by Bryan Health and originally staffed with employees of Bryan. This changed in 2022 when services and operations were outsourced to Bright Horizons Children's Center. The decision to contract out services and operations stemmed from administration related to the centers' operation, including assuming risk outside of their expertise. As an early learning and child care provider, Bright Horizons has expertise regarding regulations, safety and core services required to run a child care center. By partnering with Bright Horizons, Bryan is better equipped to focus on its own business goals while addressing its employees' need for high-quality child care.

Nebraska Industry Leaders' Views Discussion

Qualitative interviews with business and industry leaders across the state confirm that parents' child care concerns impact the Nebraska economy. Nebraska employers explained how lack of adequate child care negatively impacts their productivity, increases costs and affects employee recruitment and retention. Nebraska business leaders vary in their approach to addressing inadequate access to child care. Business leaders use approaches and strategies that optimally address specific business considerations, such as securing a physical space, emphasizing one child care setting over another (i.e., center-based vs. family-based care), meeting regulatory and licensing requirements and support from local, state and federal partners. Some businesses employ a collaborative approach by partnering with multiple stakeholders in the community, whereas others use a business-led approach to directly address inadequate child care among their employees.

Collaborative efforts between industry, economic development agencies, non-profits and educational institutions offer examples that have the potential to be used in communities throughout the state. Not mentioned in the present case studies are efforts by nonprofit organizations such as Communities for Kids that provide guidance and technical assistance to communities and groups seeking to develop and enhance child care access at the local level.

Both collaborative and business-led efforts in Nebraska mimic portions of the innovative policies that have been adopted by other states in the region. Later in the report, policies adopted in Iowa, Colorado and Michigan will be examined and their impact assessed (these policies are also described in detail in Appendix 1). Although these businesses are actively engaged in local strategies to address inadequate child care, a comprehensive state-specific strategy for business engagement was not part of these efforts. Before examining other states' strategies to engage the business community in addressing inadequate child care (Section 5), Section 4 presents data describing the child care landscape in Nebraska and nearby states.

4. Multi-State Comparisons

The first goal of this study was updating the economic impact numbers from the 2020 study, triangulating those findings with the experiences of Nebraska business leaders and addressing how businesses across the state are engaging in child care solutions. The next key task is to place the Nebraska findings in context by examining the economic impact of child care shortages in peer states throughout the region. The comparisons made in this section ultimately provide an avenue for us in later sections to discuss relevant policies being implemented in three states in the region.

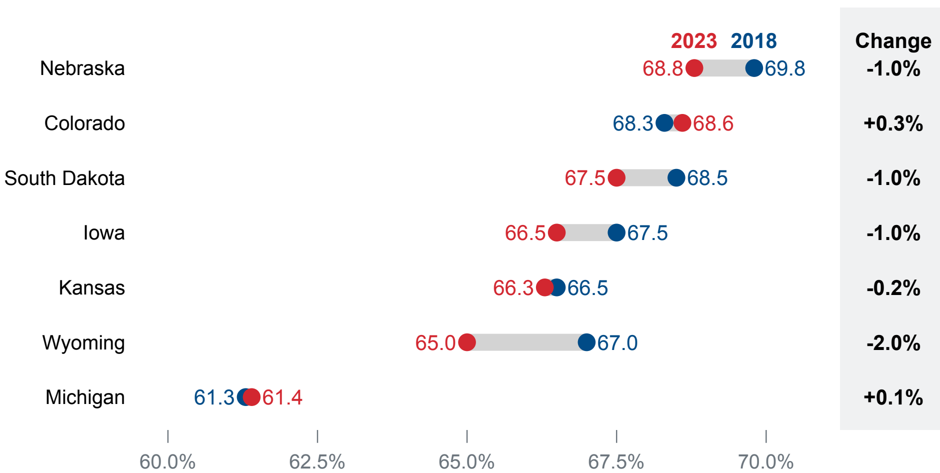
The Need for Child Care and the Child Care Industry: Comparing Characteristics of Nebraska and Peer States

This section compares Nebraska and six other Midwestern states: Colorado, Iowa, Kansas, Michigan, South Dakota and Wyoming. The section examines key workforce, demographic and child care industry data before comparing the economic impact of inadequate child care in Nebraska and the other states.

The current need for child care is dependent upon the age of the population in each state, as well as the labor force participation rate. Nebraska has the highest labor force participation rate among comparator states. Table 9 below shows that in 2023, Nebraska had a labor force participation rate of 68.8%, which suggests that workers in Nebraska are likely to require child care because they are likely to spend their days in the workplace.

Nebraska has the highest percentage of people 16 and over in the labor force among comparator states

Percentage of the Population Over 16 in the Labor Force in 2018 and 2023



Source: U.S. Census Bureau. 2018 and 2023 American Community Survey 5-year estimates. Table DP03.

Table 9. Labor Force Participation in Nebraska and Peer States

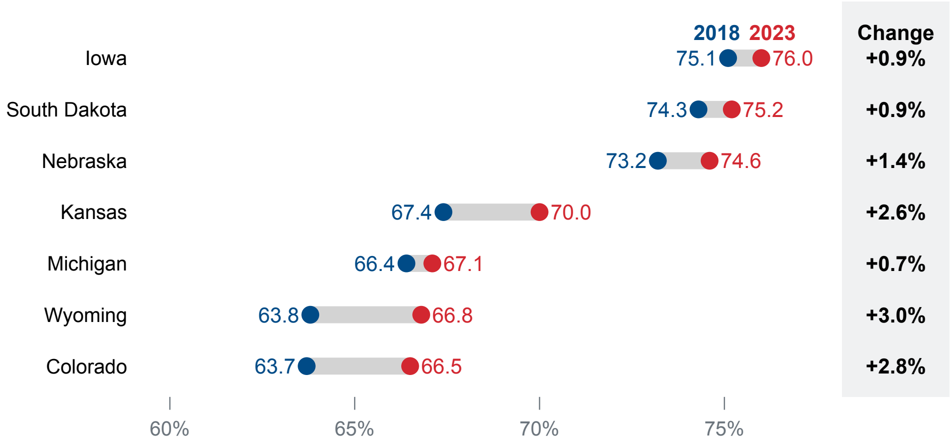
State	Population age 16 and over in Labor Force		Percent of Population age 16 and over in Labor Force	
	2018	2023	2018	2023
Colorado	3,012,312	3,237,720	68.3%	68.6%
Iowa	1,676,339	1,694,191	67.5%	66.5%
Kansas	1,511,705	1,534,589	66.5%	66.3%
Michigan	4,923,316	5,008,264	61.3%	61.4%
Nebraska	1,035,610	1,056,798	69.8%	68.8%
South Dakota	461,750	475,387	68.5%	67.5%
Wyoming	307,485	300,480	67.0%	65.0%

Source: American Community Survey, 2023 5-year estimates, Table DP03

The proportion of children under age 6 with all available parents in the labor force is a proxy measure of the potential need for child care. As Table 10 shows, Nebraska has the third highest proportion of children under age 6 with all parents in the labor force (74.6%). Only Iowa (76.0%) and South Dakota (75.2%) have higher percentages.

Nebraska has the third highest percentage of children under 6 with all available parents in the labor force among comparator states

Percentage of Children Under 6 with All Available Parents in the Labor Force in 2018 and 2023



Source: U.S. Census Bureau. 2018 and 2023 American Community Survey 5-year estimates. Table B23008.

Beyond current metrics of need, it is important to consider future needs in the area of child care. Specifically, how might population growth impact the potential need for quality child care in the near future? To answer this question, we can look at birth rates and natural population change. Table 11 presents the birth rate per 1,000 persons in each state. In 2024, Nebraska had the second highest birthrate of comparator states, second only to South Dakota.

Table 10. Children with Parents in the Labor Force in Nebraska and Peer States

State	Number of Under age 6 with All Parents in Labor Force		Total Number Under age 6		Percentage of Under age 6 with All Parents in Labor Force	
	2018	2023	2018	2023	2018	2023
Colorado	249,770	246,991	391,839	371,355	63.7%	66.5%
Iowa	173,404	169,133	231,043	222,402	75.1%	76.0%
Kansas	153,287	146,710	227,290	209,647	67.4%	70.0%
Michigan	439,038	430,514	661,175	641,859	66.4%	67.1%
Nebraska	112,410	110,877	153,480	148,711	73.2%	74.6%
South Dakota	51,362	50,494	69,152	67,143	74.3%	75.2%
Wyoming	27,516	24,892	43,120	37,238	63.8%	66.8%

Source: American Community Survey, 2023 5-year estimates, Table B23008

Table 11. Births per 1,000 People in Nebraska and Peer States

State	2020	2021	2022	2023	2024
Colorado	10.94	10.71	10.74	10.60	10.54
Iowa	11.72	11.23	11.51	11.36	11.24
Kansas	12.17	11.63	11.71	11.78	11.47
Michigan	10.87	10.22	10.40	10.03	9.85
Nebraska	12.95	12.43	12.32	12.43	12.24
South Dakota	13.13	12.40	12.46	12.22	12.27
Wyoming	10.95	10.65	10.54	10.38	10.30

Source: U.S. Census Bureau, Population Estimates

Natural population change might also provide an indication of how the need for child care services will change in the near future. As Table 12 below shows, Nebraska has the highest natural population change rate among peer states, with 0.31% growth in the natural born population. While Nebraska's total population is smaller than most of the comparator states, the natural birth rate shows that Nebraska's population is growing at a steady rate and that this rate appears to be a continuation of recent trends.

Table 12. Natural Population Growth as a Percentage of the Population in Nebraska and Peer States

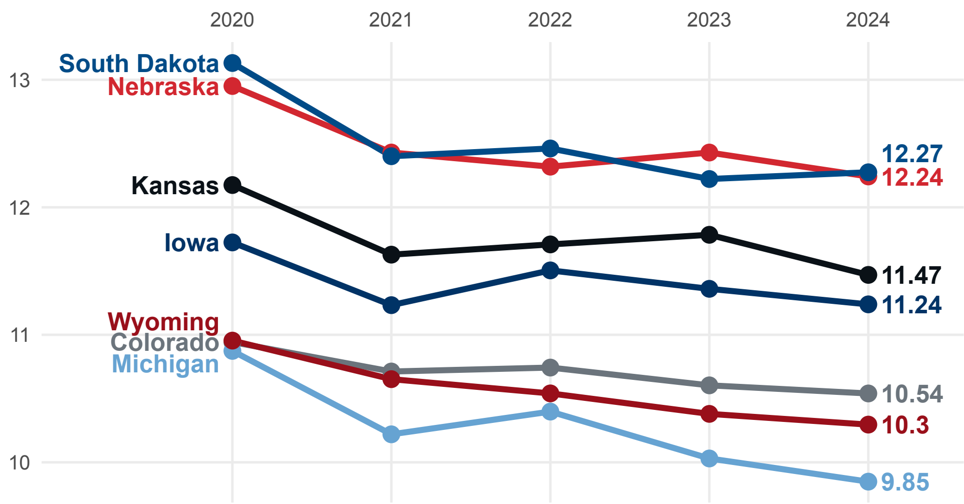
State	2020	2021	2022	2023	2024
Colorado	0.064	0.269	0.224	0.289	0.290
Iowa	0.034	0.014	0.039	0.109	0.118
Kansas	0.053	0.048	0.041	0.153	0.176
Michigan	-0.044	-0.124	-0.134	-0.050	-0.028
Nebraska	0.081	0.249	0.247	0.312	0.306
South Dakota	0.091	0.144	0.225	0.288	0.280
Wyoming	0.052	-0.001	-0.104	0.060	0.069

Source: U.S. Census Bureau, Population Estimates

In sum, the data show that Nebraska's working-age population participates in the workforce at a high rate and that young children in the state, therefore, have a high likelihood that all parents in the household will be working. In such instances, the need for formal child care will be high. Further, data on birth rates and natural population change suggest that the number of infants, toddlers and school-age children will grow in the next few years and that child care access will remain an important concern for the state.

Nebraska consistently ranks in the top two among comparator states for birth rates

Number of Births per 1,000 People

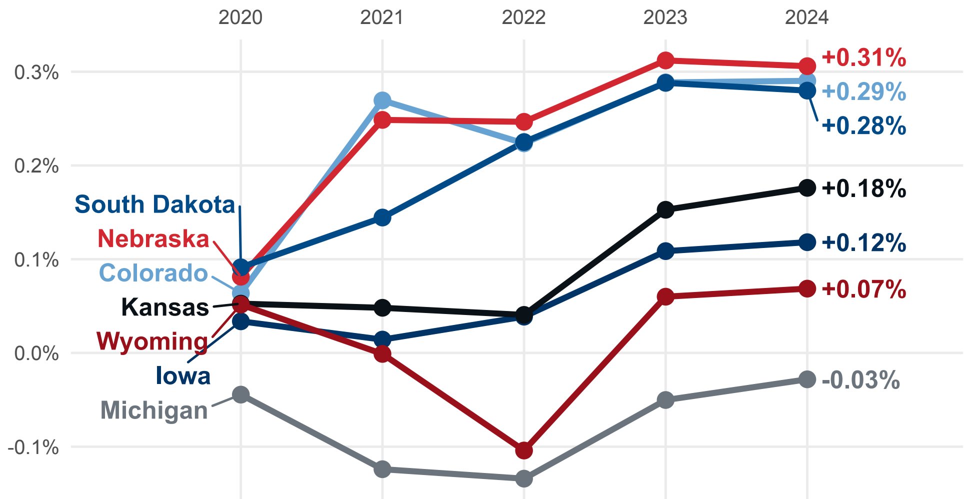


Source: U.S. Census Bureau. Population estimates.

Recent research suggests that the current child care landscape is not fully meeting the needs of Nebraska families who rely on formal child care.[45] As demonstrated in the demographic data, Nebraska will continue to have a need for child care that is equal to or greater than the peer states. Therefore the next step is to evaluate the child care industry available in Nebraska and peer states to respond to that demand.

Nebraska has the highest rate of natural change among comparator states

Number of Births Minus Deaths as a Percentage of the Population



Source: U.S. Census Bureau. Population estimates.

First, we examine the availability of child care facilities and licensed capacity in Nebraska as of July 2025. Licensed capacity is the maximum number of children a program can serve based on a state's licensing authority. As Table 13 below shows, excluding facilities that provide care solely to school-age children, Nebraska had 2,460 licensed facilities in the state in 2025, with a licensed capacity of 91,340 child care spaces. As the table indicates, there were 753 Child Care Centers and Provisional Child Care Centers combined. Together, these facilities had capacity for 71,509 children, or about 95 child care slots per facility. A total of 1,606 facilities were classified as Family Child Care Homes (FCCH) I or II, or Provisional FCCH Homes I or II. These 1,606 facilities had licensed capacity for 17,029 children, or about 11 child care slots per facility. Simply put, center-based facilities in Nebraska have the ability to serve more children than FCCH programs, yet FCCH programs outnumber center-based facilities.

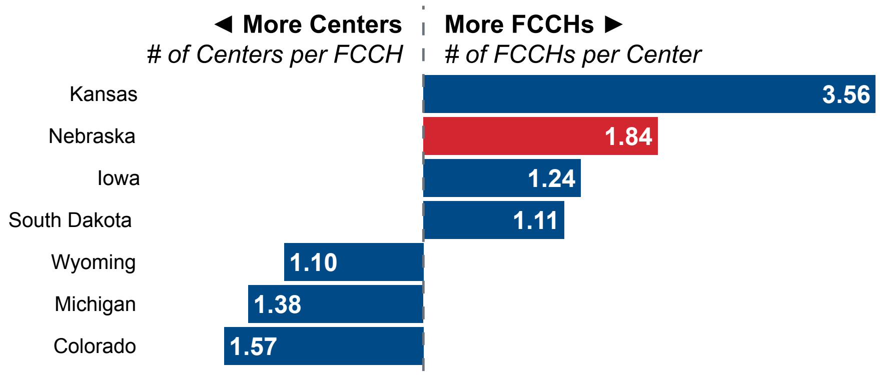
Table 13. Child Care Facilities and Licensed Capacity in Nebraska, July 2025

Facility Type	Number of Facilities	Licensed Capacity
Child Care Center	703	68,207
Family Child Care Home I	931	9,204
Family Child Care Home II	531	6,252
Preschool	97	2,686
Provisional Child Care Center	50	3,302
Provisional Family Child Care Home I	73	717
Provisional Family Child Care Home II	71	856
Provisional Preschool	4	116
All Facility Types	2,460	91,340

Source: https://dhhs.ne.gov/licensure/Documents/statewidedata.pdf, accessed July, 2025.

While it is tempting to compare licensed capacity in Nebraska and peer states, there are two complicating factors that make such comparisons difficult. First, comparing capacity across state lines is complicated due to teacher-to-student ratios, which are an important component of state regulatory systems to ensure child safety and healthy development. Although most teacher-to-student ratios are within a similar range across states,[46] all vary to some degree. For instance, Kansas allows three infants per teacher, whereas Nebraska's ratio is four infants per teacher. In Iowa, the ratio of staff to 3-year-olds is 1:8, in Nebraska it is 1:10 and in Kansas it is 1:12. In South Dakota, there are no licensing requirements for individuals providing care for 12 or fewer children, but in Nebraska FCCH programs are licensed to provide care for 4 to 12 children. This is 65.3% of Nebraska programs and 18.6% of licensed capacity. Therefore, comparing South Dakota's licensed capacity to Nebraska's would be inappropriate. Second, while licensed capacity is the closest proxy to child care capacity, it is not necessarily the same as operational capacity, which is the maximum number of children that can be served based on the distribution of the ages of children served and the number of staff available. Like many other states, Nebraska does not track operational capacity.

Nebraska has the second highest ratio of family child care homes per child care center among comparator states



Source: Child Care Aware of America. (2024). Annual Child Care Landscape Analysis.

Therefore, instead of focusing on licensed capacity, measures of workforce availability might better help with understanding child care access within Nebraska and comparator states. The BLS Occupational Employment and Wage Statistics (OEWS) is one prominent source of data that provides information on the number of workers engaged in occupations related to child care in each state. However, these data only count workers in businesses that participate in state unemployment insurance programs. For the child care industry, this is most likely child care centers. We know Nebraska has a relatively high number of FCCH providers (see Table 14) as judged by the ratio of FCCH providers to center-based providers.[47] FCCH providers are unlikely to participate in unemployment insurance programs because they are likely sole proprietors or perhaps a limited liability corporation that employs only one individual. Thus, this important segment of the child care workforce is likely not represented in BLS OEWS. This is especially true for states with a reliance on family child care homes like Nebraska.

Table 14. Ratio of Family-Based Child Care Providers to Center-Based Providers, 2024

Colorado	Iowa	Kansas	Michigan	Nebraska	South Dakota	Wyoming
0.64	1.24	3.56	0.72	1.84	1.11	0.91

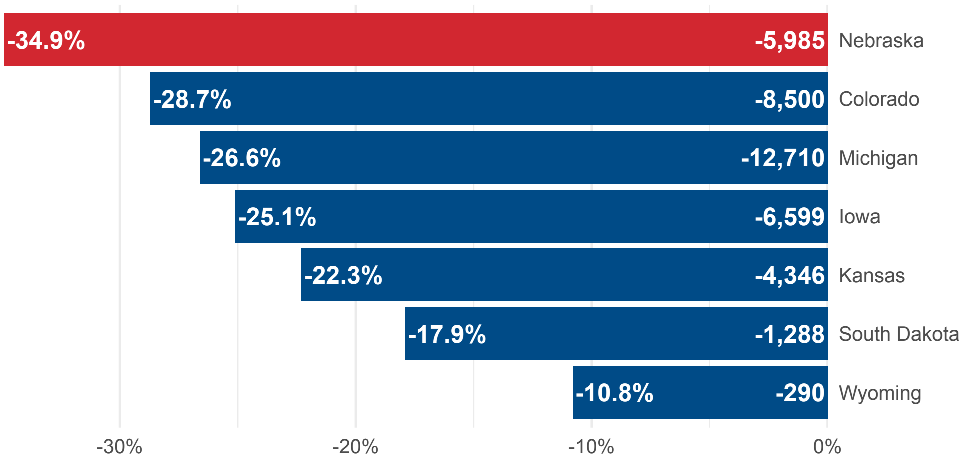
Source: Child Care Aware of America, Child Care in America: 2024 Price & Supply

Another data source that is more likely to cover workers in both center-based and home-based facilities is the ACS 5-Year Estimates Public Use Microdata. The ACS provides coverage of all households in the U.S. This dataset yields estimates on a wide range of variables—including occupation data. The five-year ACS also allows for a comparative look at data over time. In Table 15 below, ACS data are used to present the number of child care workers in 2018 and 2023. The table below shows that in Nebraska in 2023 there were an estimated 11,178 workers in child care occupations.[48] What is notable in this table is the decrease in workers from 2018 to 2023 in every state. Nebraska, however, saw the largest decrease in the number of workers (34.9%) among all states. A contributing factor to Nebraska's decrease is due to closures of home-based facilities, which have decreased by 17.6% since 2019.[49] Given that Nebraska's child care industry relies heavily on

FCCH providers (see Table 13 and Table 14), a 34.9% reduction in the child care workforce coinciding with FCCH closures presents a challenge for Nebraska families seeking more affordable child care options.

Nebraska experienced the highest percent decrease in child care workers between 2018 and 2023 among comparator states

Estimated percent decrease in child care workers between 2018 and 2023 (includes family- and center-based providers)



Source: U.S. Census Bureau. (2024). 2018 and 2023 American Community Survey Public Use Microdata.

In sum, these data show that Nebraska currently has a relatively high need for child care based on high workforce participation rates and the number of children with parents in the workforce. Further, population trends suggest that the need for child care will remain high in Nebraska in coming years. Data on the child care workforce in the state do not paint a positive picture, however, as the data suggest a substantial drop in the number of child care workers in the state. Next, we will consider how the lack of child care negatively impacts the economies of the states under consideration. Data on the child care workforce in the state do not paint a positive picture, however, as the data suggest a substantial drop in the number of child care workers in the state. Next, we will consider how the lack of child care negatively impacts the economies of the states under consideration

Table 15. Number of Child Care Workers in Nebraska and Peer States

State	Number of Child Care Workers		Percent Change from 2018
	2018	2023	
Colorado	29,572	21,072	-28.7%
Iowa	26,260	19,661	-25.1%
Kansas	19,455	15,109	-22.3%
Michigan	47,747	35,037	-26.6%
Nebraska	17,163	11,178	-34.9%
South Dakota	7,209	5,921	-17.9%
Wyoming	2,691	2,401	-10.8%

Source: American Community Survey, Public Use Microdata 5-year 2018 and 2023 estimates

Economic Impact of Inadequate Child Care in Nebraska and Comparison States

Economic impacts of inadequate child care can be compared among the states utilizing the techniques that were used to estimate the impact in Nebraska.[50] State economic impacts vary due to differences in state population, incomes and labor force participation. Impacts, such as absenteeism, turnover and other factors are larger in more populous states such as Michigan and Colorado. Larger states also tend to have higher wage and salary levels, leading to a larger impact. Economic multipliers also are larger in more populous states, since more supplier purchases are captured by the diverse group of employers found in a larger state.

Table 16 shows the estimated annual economic impact of inadequate child care in Nebraska and comparison states. As would be expected, the impact is largest in Michigan and Colorado as these states have the largest number of parents with young children who may need to utilize child care. Nebraska ranks fifth among the states.

Table 16. The Annual Economic Impact of Inadequate Child Care in Nebraska and Comparison States

State	Output ($ millions)	Value Added ($ millions)	Labor Income ($ millions)	Employment
Colorado	$7,134.4	$5,011.4	$5,728.0	27,239
Iowa	$2,467.9	$1,789.4	$2,357.3	9,461
Kansas	$2,701.5	$1,909.5	$2,339.8	9,654
Michigan	$7,992.0	$5,589.5	$6,656.7	32,582
Nebraska	$1,740.8	$1,257.7	$1,614.4	6,843
South Dakota	$684.5	$498.1	$657.9	2,535
Wyoming	$351.4	$268.9	$385.7	1,329

Source: UNL BBR Calculations

A related and perhaps more relevant question is how the impact of inadequate child care compares with the overall state economy among the seven states. Inadequate child care would likely be a larger problem for labor income in states with a larger share of working parents. This is especially relevant since the labor force participation rate also varies quite a bit among states. As Table 9 and Table 10 showed, Nebraska has among the highest labor force participation rates. By contrast, inadequate child care could be a larger problem in more populous states for output (the value of business production) and value added (output minus purchased intermediate goods). This is because states like Colorado and Michigan tend to have larger economic multipliers, and the multiplier impact due to reduced household spending is the primary source of lost output. Multipliers are also larger in more populous states because these states have more diverse economies (a greater variety of businesses). Businesses looking for a specific good or service are more likely to find an appealing in-state supplier in a more diverse state economy. As a result, more spillover spending is captured within state, and the economic multiplier impact is larger.

Table 17 shows the economic impact of inadequate child care as a share of the economy in Nebraska and the comparison states. Specifically, the table represents the lost labor income due to inadequate child care as a share of total labor income in each state. Nebraska had the fourth largest

Table 17. The Annual Labor Income Impact of Inadequate Child Care as a Share of State Income

State	Lost Income Impact Due to Inadequate Child Care as Percentage of State Income	Lost Value-Added Impact Due to Inadequate Child Care as Percent of State GDP
Colorado	1.16%	0.91%
Iowa	1.14%	0.70%
Kansas	1.16%	0.81%
Michigan	1.04%	0.79%
Nebraska	1.12%	0.68%
South Dakota	0.96%	0.66%
Wyoming	0.76%	0.51%

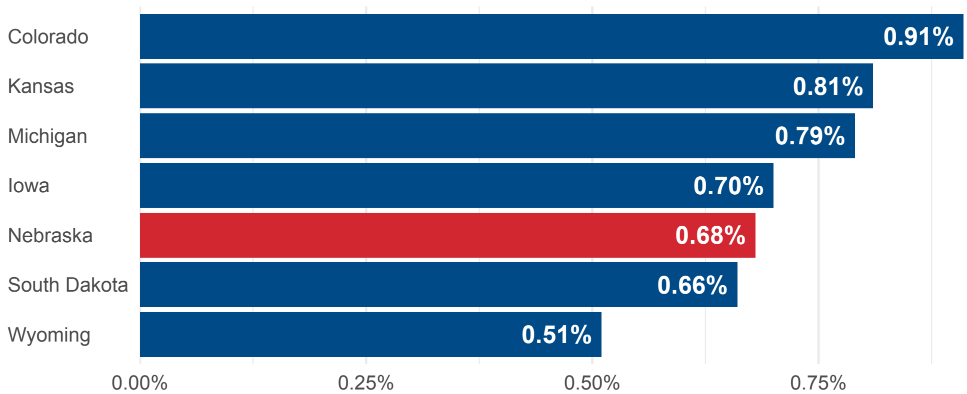
Source: UNL BBR Calculations

share at 1.12%. However, note that Nebraska was within 0.05% of the three highest ranked states, consistent with Nebraska's high labor force participation, as seen earlier in Table 9 and Table 10. This implies that the issue of providing adequate child care is particularly important to the Nebraska economy. Note the impact of inadequate child care as a share of labor income is smallest of the economy in Michigan, South Dakota and Wyoming, which are states where a smaller share of the population is employed.

Table 17 also shows the economic impact of inadequate child care as a function of value added. The value-added impact is compared to state GDP. This is appropriate because GDP is also a measure of value added.[51] The economic impact of inadequate child care in Nebraska in terms of state GDP is 0.68%, which is also in the middle of the values for surrounding states. Nebraska's share is most similar to the shares in Iowa and South Dakota.

Nebraska ranks fifth among comparator states for lost GDP due to inadequate child care

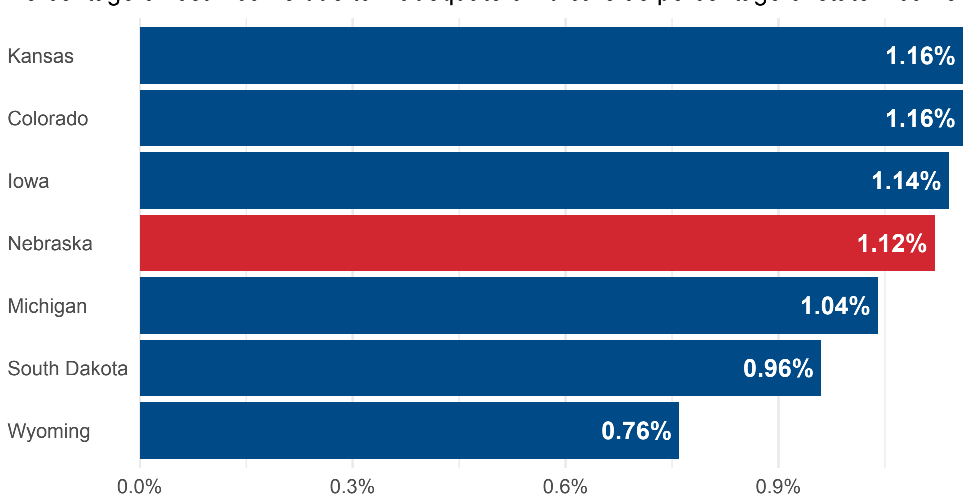
Percentage of lost value added due to inadequate child care as percentage of state GDP



Source: University of Nebraska Lincoln Bureau of Business Research calculations.
Note: Value added is the estimated difference between the total value of production and the value of intermediate goods and serves purchased as inputs to production. State GDP is the total value that businesses in a state add to the value of the intermediate goods they have purchased.

Nebraska ranks in the middle of comparator states for lost labor income due to inadequate child care

Percentage of lost income due to inadequate child care as percentage of state income



Source: University of Nebraska Lincoln Bureau of Business Research calculations.

Public Investments in Child Care in Nebraska and Other States: A Lack of Adequate Data

Throughout this section, data on Nebraska's demographics, child care industry and economic impact has been compared to peer states in the region. Another useful data point to compare is state investments in child care; however, comparing Nebraska's child care investment to the child care investment of other states is complicated. Simply put, there are no "apples to apples" to compare. State child care systems differ in their construction and are funded by multiple revenue sources that often vary by state. Further, child care funding passes through different departments, depending on the state. Additionally, child care investments are reported in state budgets in different ways.

Recognizing these challenges, the authors attempted to narrow the scope of investment to the Child Care and Development Fund (CCDF), the mechanism that funds child care subsidy programs in each state. However, even narrowing the scope solely to CCDF doesn't fully eliminate the challenges associated with identifying the investment. According to a technical report published by the Buffett Early Childhood Institute, within CCDF, "separate federal- and state-level funding streams are combined to subsidize the cost of child care for children of low-income parents. Authorization of funds originates from four sources: (1) Discretionary funding authorized by the *Child Care and Development Block Grant (CCDBG) Act*, subject to annual appropriation; (2) an entitlement portion of mandatory and matching funds made available under Section 418 of the *Social Security Act*; (3) state Maintenance of Effort (MOE) and matching funds; and (4) federal funds transferred to CCDF from states' Temporary Assistance for Needy Families (TANF) block grants."[52]

While it is possible to collect investment figures from federal sources across states, it is difficult to identify CCDF investments made at the state level, either because they are a small portion of a larger investment of funds reported in state budgets and/or because some states, including Nebraska, exceed ACF[53] required state minimums, which are not uniformly reported.

Multi-State Comparisons Discussion

Relative to the comparator states of Colorado, Iowa, Kansas, Michigan, South Dakota and Wyoming, Nebraska has some of the strongest indicators of the need for formal child care. Nebraska has the highest labor force participation rate and third highest share of children under age 6 with all available parents in the labor force. Proportionally, Nebraska also has the largest estimated decline in the number of child care workers since 2018. Nebraska's child care industry relies more heavily on FCCH providers than other states, with the exception of Kansas. As a result, the decline in workforce is, in large part, a decline in family-based programs that are typically a more affordable option for parents.

Data quality concerns were persistent when comparing the child care industry across states. The issues encountered in this project were also highlighted in a recent Roundtable on Economics and Child Care.[54] For example, the most frequently cited measure for demand for child care is the percentage of children under age 6 with all available parents in the labor force, however this measure does not account for parents who work different shifts or have identified informal care arrangements. While these options are not available to every family with young children, the extent of these arrangements and whether they vary based on states' child care industry is unclear.

Similar to demand, there are limitations to the most frequently cited measure of supply, licensed child care capacity. Comparing licensed capacity across states is difficult given that states do not share the same definitions for licensed-based care, teacher-to-student ratios and even age categories. Additionally, licensed child care capacity is not the same as operational capacity and very few states, including Nebraska, have a high-quality measure of operational capacity. Licensed capacity is the maximum number of children that a facility can serve based on the state's licensing authority, whereas operational capacity is the number of children that a program can serve based on staffing, use of space, and desired enrollment. Nebraska, like many other states, does not track operational capacity. Iowa, however, does have a dashboard[55] that tracks both licensed capacity and operational capacity and may provide some insights for Nebraska. The dashboard, which interacts with child care management software that allows child care providers to enter their operational capacity, shows that Iowa's operational capacity is 75% of licensed capacity.[56] This 25% reduction between operational and licensed capacity is calculated based on the 54.9%[57] of providers who report data to the system—the difference between the two may prove to be even greater as more providers interface with the dashboard. To measure child care supply more precisely, Nebraska should consider adopting a data system like Iowa's.

When comparing the annual economic impact of inadequate access to child care across comparator states, Michigan and Colorado display the largest dollar amount estimates. This is because more populated states have (1) larger numbers of parents with young children who need care, and (2) more diverse groups of employers affecting the multiplier impact. When estimating the economic impact as a share of state income, Nebraska was in line with comparator states. Nebraska had the fourth largest percentage of lost income (1.12%) and the fifth largest percentage of lost GDP (0.68%) because of inadequate access to child care. In the case of income share, Nebraska was within 0.05% of the three top ranked states of Colorado, Iowa and Kansas.

Although it is reasonable to make state comparisons of the economic impact of inadequate child care, comparing state investments in child care across state lines is not possible given the complexities of funding streams and what states are required to report publicly (e.g., CCDF investments). Funding for the early childhood system is braided between multiple federal and state agencies. An analysis of the 2021 fiscal year investments at the federal and state levels shows the largest state investment in early care and education to be the CCDF contribution.[58] The CCDF contribution is a component of the Nebraska Department of Health and Human Services public assistance budget,[59] but the researchers were not able to isolate the proportion of public assistance dollars utilized by CCDF in publicly available documentation. Detailed information was available for both Kansas[60] and Colorado[61] that could be models for Nebraska to make CCDF fiscal data publicly available.

Therefore, this final section of this report highlights the use and impact, if measured, of CCDF and other funds invested in business engagement efforts to inform policy efforts and strategic investment decisions, rather than attempting to compare investment figures that are not comparable. Bringing attention to these efforts can inform policy efforts and strategic investment decisions to address inadequate child care in Nebraska.

5. State Economic Policies

The final task of the analysis is to examine the economic impact of child care policies in the comparator states. Child care policies include, but are not limited to, regulatory environments, provisions of subsidized care for low-income families, efforts to reduce the costs of child care for low- and middle-income families, efforts to build child care capacity and policies to improve the quality of child care in a state. Further complicating matters, implementation of child care policies may occur at the state level or more localized level. To make consistent comparisons, the research scope was narrowed to focus on statewide policies that create public-private partnerships with businesses to address inadequate access to child care. The scope was informed, in part, by Nebraska business and policymaker interest in the innovative Tri-Share program in Michigan,[62] described in more detail below, and was the motivation for including Michigan as a comparator state.

Working with FFN, researcher Jen Goettemoeller Wendl examined approaches and programs pursued in comparison states for business and government to collaborate to expand the availability of child care. Analysis of each state is reported in Appendix 1. As described in Appendix 1, the states of Kansas, South Dakota and Wyoming do not currently have statewide policies to address child care availability via public-private partnerships with the business community. These states do have efforts at the local level for businesses to collaborate with each other, with philanthropic partners or with local government to enhance the use of child care.

Overall, the three state programs provide options to state policymakers based on each state's child care landscape and policy priorities. The programs vary based on whether support is targeted toward specific groups of parents and specific geographies, and whether to support the demand for child care services or the supply of child care spots available. The programs also require different levels of direct involvement by employers. One or more of these programs could make sense for the State of Nebraska. To provide more information, each program is described in more detail below. An economic impact assessment is also provided for each program. The economic impact assessment will focus on the impact of new business spending in support of child care services. The ability of state incentives to attract new business spending is a notable feature of these three programs.

The economic impact is the new economic activity directly resulting from business spending on the programs and its associated multiplier impact. It is important to remember, however, that the programs may change employer behavior in other ways which will mitigate some portion of the economic impact. For example, the Tri-Share program in Michigan induces participating employers to add a child care benefit to the compensation of some or all employees. Employers could curtail compensation in other ways after adding this child care benefit by reducing the growth in wages or expenditures for retirement or health care benefits. Likewise, employers developing an employer-based child care center through Colorado's EBCC grant and Design Lab[63,64] could reduce other types of compensation over time. Finally, business and others donating to a local Childcare Solutions Fund in Iowa[65] might cut back on charitable donations to other community organizations.

More detail on each program is provided below. However, it is beyond the scope of the study to determine the magnitude of these potential mitigating actions by business. The potential for such mitigating actions should be kept in mind when interpreting the economic impact estimates described below.

Michigan

The Michigan Tri-Share Program distributes licensed child care expenses of eligible employees equally between employees, employers and the State of Michigan. Eligible employees must have a household income between 200% and 325% FPL. This prioritizes families with lower incomes who are not eligible for Michigan's statewide child care assistance program for families below 200% FPL.[66] From an economic perspective, the program encourages employers to add subsidized child care to its benefit package for employees. A notable economic feature of the program is that the benefits to employers are "internalized," that is, the employers who spend funds on the program reap benefits. In particular, child care benefits under the Tri-Share Program (like other benefits) improve employee satisfaction, helping with retention of employees and recruiting, as well as factors specifically addressed by child care benefits such as absenteeism. A 2024 survey and analysis of employers[67] participating in the Tri-Share Program found that 42% *strongly agree* that the Tri-Share Program reduces employee turnover. The analysis also found that 550 Michigan employees were utilizing the program as of March 2024.

Employees participating in the Tri-Share program would be able to purchase licensed child care services for 67% less. This would allow some employees who would not otherwise send their children to licensed child care to do so, leading to new spending in the child care sector. Further, employees who would utilize licensed child care even in the absence of the Tri-Share Program also would benefit from obtaining the services at substantially reduced costs. These employees would have more money available for other household purchases.

Both new purchases of child care services and increased spendable income for households would yield an impact on the Michigan economy. A price-elasticity can be used to estimate the share of 550 program participants in March 2024 who purchased child care services due to the lower price. Specifically, a price elasticity shows how much consumption will rise when the price falls. Given a price-elasticity for licensed child care of -0.51[68] 34.0% of families receiving the Tri-Share Program benefit would be newly enrolled in licensed child care. Others would enroll absent support from their employers. These employees would benefit from having additional spendable income, since a significant portion of previous child care costs are now covered by their employers or the State of Michigan. The 2024 report found that the State of Michigan invested $3.4 million in Tri-Share. That amount would be matched by Michigan employers. The result would be an estimated $1,041,000 in new spending on child care services due to Tri-Share Program participation in March 2024, and an additional $2,019,000 in new spendable household income, as seen in Table 18.

Table 18. Direct Estimates of Economic Benefits of the Michigan Tri-Share Program as of March 2024

Impacted Sector	Description	Annual Amount
Employees	Additional Spendable Household Income from Lower Child Care Costs	$2,019,000
Child Care Industry	Additional Revenue from Newly Participating Households	$1,041,000

Source: UNL BBR Calculations based on data in MI Tri-Share 2024 Evaluation Report Findings and Recommendations (Public Sector Consultants, October 2024).

The new spending on child care services and increased spendable household income would each have a positive impact on the Michigan economy. Table 19 shows the estimated annual economic impact. The annual economic impact is $5.1 million in new business sales (i.e., output). New labor income due to new business sales would reach an estimated $1.7 million per year, based on March 2024 enrollment in the Michigan Tri-Share Program. Program enrollment supports 41 new jobs either at licensed child care providers or other Michigan businesses due to new household spending.

Table 19. The Annual Economic Impact of Employers Spending on the Michigan Tri-Share Program as of March 2024

	Output	Value Added	Labor Income	Employment
Impact	$5.1 million	$3.0 million	$1.7 million	41

Source: UNL BBR Calculations

Beyond these economic impacts, the Tri-Share program should increase business productivity and household income by reducing employee turnover in businesses that choose to participate. The magnitude of these economic impacts, however, is uncertain and not included in estimates in Tables 18 and 19. Other appealing features of Tri-Share are that businesses of all sizes can participate and that the three-part split of child care expenses ensures that each dollar of state spending (excluding administrative costs) will attract a dollar of business spending on child care services. This meets the goal of a financial partnership between business and state government in expanding access to child care services. The match also has been sufficient to attract enough business participation to support 550 employees by March 2024. A potential concern with the Tri-Share program is that it increases demand for child care services without increasing the availability of child care slots. The child care sector will need to expand to meet this new demand.

Iowa

The Iowa Childcare Solutions Fund (CSF) was designed to increase the actual capacity of child care providers in communities in Iowa. This is done by providing funds to child care providers that are specifically designed to supplement or increase child care provider wages. The program leverages local donations from organizations and individuals in 10 communities across the state, supplemented by Iowa Health and Human Services (HHS) funding. Iowa HHS committed two dollars for every one dollar raised locally, and in 2024 provided $2.9 million to the program matching $1.45 million in local donations.[69]

Providers can use the funds for existing employees, where dollars could help increase wages or pay overtime. Providers can also use the funds to hire new employees. By increasing the availability and reducing turnover for existing employees, and by hiring new workers, the program ultimately had the goal of increasing actual capacity of child care providers in each community.

From 2023 to 2024, the Iowa CSF experienced a major advancement as 10 communities across Iowa engaged in a pilot program. Data were collected on 7 of the 10 communities by the Common Sense Institute[70] to examine the impact of the program on licensed capacity in the state. Ultimately, data from five of the communities were deemed sufficient for use in the evaluation. The evaluation suggests that the pilot program added an estimated 21.5 new child care slots per 1,000 children.[71] Using population data of children under age 12 in each of these five communities (see Table 20), it is possible to obtain an estimate of the number of new child care slots established (see Table 21).

Table 20. Children Under Age 12 in Five Iowa Counties

	Allamakee	Cerro Gordo	Dubuque	Howard	Mitchell
Under 5 years	898	2,278	5,959	627	643
5 to 9 years	927	2,288	6,735	720	618
10 to 11 years	404	1,139	2,302	257	328
Total Population Under 12	2,229	5,705	14,996	1,604	1,589

Source: American Community Survey (ACS) 5-Year Estimates, Table DP05; UNL BBR Calculations for Population age 10 to 11

The analysis shows a total of 561 new child care spaces created. Following the lead of Iowa Child Care Connect dashboard[72] and the Common Sense Institute evaluation of the CSF program, we will assume a relatively conservative 67% demand level to obtain the estimated number of new child care slots actually utilized. As seen in Table 21, results suggest that 374 new child care slots were used by families in the five Iowa counties under consideration.

Table 21. Estimate of Occupied Slots in 5 Iowa Counties Due to Iowa Childcare Solutions Fund

	Allamakee	Cerro Gordo	Dubuque	Howard	Mitchell	Total
Number of slots created per 1,000 children under age 12 (21.48 additional slots per 1,000 children)	48	123	322	34	34	561
Assume 67% demand rate	32	82	215	23	23	374

Source: UNL BBR Calculations

Next, researchers sought to determine the number of dollars spent by Iowa families on these 374 child care slots. To make this calculation, it was necessary to determine the average cost of child care in Iowa. Researchers used data from Child Care Aware of America to find this rate.[73] Data from Child Care Aware show four different average rates, which are presented in Table 22. Assuming the proportions of children attending child care in Iowa are roughly evenly distributed between infants and toddlers in FCCHs and infants and toddlers in center-based care, the average annual cost of child care is $10,366. It is recognized that child care costs for school-age children, which are included in the CSF evaluation, are typically lower than costs for infants and toddlers. Nonetheless, information on this cohort is not readily available. Therefore, multiplying the total number of utilized child care spaces (374) by the average annual cost of child care in Iowa ($10,366) results in a total of $3,876,884, as seen in Table 22 below.

Table 22. Average Annual Cost of Student Tuition in Child Care in Iowa 2024

	Cost per Year		Cost per Year
Infant in FCCHs	$8,596	**Infant in Centers**	$12,694
Toddler in FCCHs	$8,443	**Toddler in Centers**	$11,729
Average Cost $10,366			

Estimated Number of Utilized Child Care Slots:	374	×	Average Cost of Child Care:	$10,366	=	$3,876,884

Source: Child Care Aware and UNL BBR Calculations

Table 23 shows the estimated annual impact resulting from an additional $3.9 million in annual spending on child care services in Iowa. The annual impact is $7.6 million, including $2.6 million in labor income earned in 91 jobs. This impact reflects spending by parents, state government programs and others to pay for children occupying 374 child care slots.

Table 23 also shows the annual impact from the $1.45 million in support raised in 2024 from businesses and others in participating communities. These impact estimates are most directly comparable to the impact estimates presented in this section for the Michigan and Colorado programs. Analysis of these state programs also focused on the economic impact of funds attracted from private businesses. The annual economic impact is $2.8 million, including $1.0 million in labor income earned in 34 jobs.

Table 23. Economic Impact of the Iowa Childcare Solutions Fund

	Output	Value Added	Labor Income	Employment
Impact from 374 More Children Enrolled in Child Care	$7.6 million	$4.1 million	$2.6 million	91
Impact from Business and Other Donations to Iowa Childcare Solutions Fund	$2.8 million	$1.5 million	$1.0 million	34

Source: UNL BBR Calculations

Beyond these economic impacts, Iowa's Childcare Solutions Fund is appealing because it helps support higher wages for individuals who work in the child care industry. It also supports both large and small child care centers as well as home-based providers. One potential concern with the program is that it matches each dollar of donation to a local fund with two dollars from the State of Iowa. As a result, the majority of funding comes from government (or non-business donors) rather than business. This may be inconsistent with the objective of creating a public-business collaboration to fund additional access to child care.

Colorado

The Colorado program includes the EPIC Design Lab and the Employer-Based Child Care (EBCC) grant. Employers or employer collaboratives that apply and are selected by the State receive support to establish new child care centers for their employees either on their own or contracting with a provider after training and using an EBCC grant. The Colorado program selects proposals in part to meet objectives such as increasing child care slots in underserved areas of the state or spots available for the youngest children (infants and toddlers). Selected employers or employer collaboratives participated in a Design Lab to develop their plans to provide new child care services and employers completing the program then had an opportunity to apply for EBCC grant funding to support their efforts. Projects selected in EPIC Design Lab 1.0 and 2.0 created 951 child care slots,[74,75] but there is evidence that the pace of slot creation slowed in the year that Lab 3.0 was offered;[76] there were only three potential projects in this year. There was a total of $6.3 million in EBCC grants awarded to the 13 projects (plus the cost of holding the Design Labs) over two years of Design Lab 1.0 and 2.0 out of an estimated cost of $42.8 million in startup costs.

Development of new child care centers via the program could create an economic impact during the development phase and have long-term impacts on the local child care market. Ongoing costs to pay for this child care would be paid by parents and other state programs, as well as any potential employer subsidy to operating costs. However, these employer contributions are unknown. Analysis of the economic impact from employer contributions therefore focuses on the $18.25 million per year ($36.5 million in total for Lab 1.0 and 2.0) in center startup costs that are paid by employers or from other sources besides EBCC grant funds. Table 24 shows the annual economic impact of $18.25 million in startup spending, which would include construction and renovation of buildings, design of projects and furnishings.

Table 24. The Annual Economic Impact of Colorado EPIC Design Lab/EBCC Recipient Startup Costs

	Output	Value Added	Labor Income	Job-Years
Impact	$35.4 million	$20.9 million	$12.9 million	191

Source: UNL BBR Calculations

The annual economic impact from child care startup costs related to the EPIC Design Lab/EBCC program could be $35.4 million in Colorado, including 20.9 million in value added. Value added includes $12.9 million in labor income earned in 191 job-years. Many of these jobs would be in the construction industry.

But, it is also possible that impacts would be lower than those listed in Table 24. EBCC grants only covered 14.7% ($6.3 million of 42.8 million) of center startup costs in the EPIC Design Lab 1.0 and 2.0 rounds. This is a small proportion of total funding. Only 14.7% of the costs are supported by the state (approximately one in six of the dollars required for the projects). This amount of support would not significantly lower the cost of development and therefore in many cases would not have been the reason employers decided to proceed with the project. Projects may have gone forward even without the EBCC grant program. As a result, impacts in Table 24 should be viewed as a maximum potential impact of the EPIC initiatives.

More broadly, the level of match implicit in the EBCC program, of approximately one dollar in state funding for every six dollars in business funding, may not have been sufficient to cause much of the observed new center development. Nonetheless, the EPIC program has appealing characteristics. The training businesses receive can be valuable in decision making. Benefits from a business's investments are "internalized," meaning businesses making investments should see reduced turnover and absenteeism. The program also works with businesses with sufficient resources to make investments in child care centers and the program can be targeted to specific areas of the state where there is a need for more center capacity.

State Economic Policies Discussion

Quality child care is an essential but expensive service. Required costs can be a significant concern for young families. Further, as was shown in this report, the availability of quality child care remains a significant cost for the economy of Midwestern states, and the issue is particularly acute for Nebraska given the state's high level of labor force participation. For all of these reasons, support for funding child care services is a significant concern for public policy.

At present, there are existing state and federal programs to help pay child care costs for families who are below or near poverty level. There are also many initiatives at the local or employer level to increase the availability of child care in Nebraska and surrounding states. However, there may also be an interest in new statewide initiatives to help more families access child care at a lower cost, especially if initiatives can be funded collaboratively by business, the public sector and parents. A review of programs in other Midwestern states found three statewide programs (in Colorado, Iowa and Michigan) that seek to encourage employer support for the child care industry.

The Michigan Tri-Share program expands eligibility for child care support further into the working class, specifically to families with income between 200% and 325% of the federal poverty level (FPL). Child care costs for the eligible employees of participating employers are evenly split among the State of Michigan, the employer and the employee. The program therefore can help more families afford center-based child care and can help employers provide a new benefit that reduces employee turnover and helps attract new workers. The program works through the private, independent child care provider sector rather than directly establishing new providers.

The Iowa Childcare Solutions Fund, by contrast, works to increase the availability and lower the price of child care services for all families and increase the wages of industry workers. This is accomplished through public and private collaboration to subsidize the wages of child care providers, rather than reducing regulations or other factors that may artificially raise the cost of child care. Local businesses and others contribute to a fund that is available to support the wages of child care workers in the community. This could attract more workers to the child care industry and lower the costs of child care providers. However, the program is not targeted to families who struggle to afford child care. Benefits from the subsidy flow to all parents, including those who are financially able to pay for child care services.

The Colorado EPIC program also is designed to increase the availability of child care services by supporting employers or groups of employers to establish a child care provider for their employees. The State of Colorado provides both financial support for startup and training. Specifically, applicants for funds must first complete the EPIC Design Lab training program on establishing and operating a child care program. Training would presumably help applicants decide whether the project is feasible and help applicants manage any child care centers they establish. The focus of the program is supporting the establishment of facilities rather than supporting annual costs. In selecting projects for funding, the State of Colorado is also able to target funding for projects to smaller communities where child care availability is a challenge and target projects that meet critical needs, such as establishing slots for infants. One concern with the program is State involvement in influencing which child care centers are established, and there is potential that established centers would compete with existing child care providers. Further, benefits from the subsidy flow to all employees of selected employers, including those who are financially able to pay for child care services.

6. Conclusion

This report addressed four main tasks: 1) updating previous research on the economic impact of inadequate child care in Nebraska, 2) interviews with Nebraska business leaders about their experiences with and responses to the child care needs of their employees, 3) comparing Nebraska's relevant demographic, child care industry and economic impact data to that of other Midwestern states and 4) identifying and assessing the impact of state policies to incentivize businesses to address the child care needs of their employees.

The findings are striking. The estimated annual economic impact of inadequate child care in Nebraska is $1.74 billion in business output and $1.61 billion in lost labor income. This total includes a direct loss of $1.22 billion in parent income and $491 million in business output. When parents lose income and businesses reduce output, there is a ripple effect through the economy, leading to an estimated multiplied loss of $395 million in labor income and $1.25 billion in business output. Further still, this leads to a $63.8 million loss in state income tax revenue and a reduction of 6,853 jobs in Nebraska.

After adjusting for inflation, the estimated annual impact has approximately doubled compared to the 2020 Bottom Line report. This is due, in large part, to the increased share of parents reporting a need to leave or change jobs as a result of concerns about child care after the onset of the COVID-19 pandemic. Similar to the 2020 report, the parent self-reported data does not differentiate the exact child care concern that is impacting their ability to work; concerns could include a lack of available child care, inability to afford the cost of child care, difficulty locating child care that is safe and reliable or any combination of those. Any of these concerns, however, demonstrate that the child care system is not meeting the needs of working parents.

Nebraska industry leaders confirmed these impacts, noting how child care shortages, even short-term, undermine productivity, raise costs and impact employee recruitment and retention, a point that was emphasized in particular by employers in rural areas and those in the medical field. Because of these impacts, some Nebraska employers have addressed child care issues for the employees directly. One approach to child care is a collaborative approach where several stakeholders, including major employers, create a partnership to improve access to child care. Thayer County, Norfolk and Gothenburg exemplify the collaborative approach. Other businesses offer child care services to their employees through on- or near-site child care. Hudl, Millard Public Schools and Bryan Health illustrate different business-led approaches to child care.

After establishing the Nebraska impact of inadequate child care, the next step was to contextualize that impact by comparing Nebraska to six Midwestern states: Colorado, Iowa, Kansas, Michigan, South Dakota and Wyoming. Nebraska had the highest labor force participation, highest rate of natural change (births minus deaths), second highest birth rate and was only slightly below Iowa (76.0%) and South Dakota (75.2%) for the rate of children under age 6 with all available parents in the workforce (74.6%). These demographic patterns indicate that child care will be a continued need for Nebraska parents. Despite high need and indicators for future need, Nebraska experienced the largest percentage decrease in child care workforce. The economic impact of inadequate child care in Nebraska, as measured by the percentage of state income (1.12%) is slightly below the share found in the top ranked states of Colorado, Iowa and Kansas.

There is a lack of high-quality child care industry data in Nebraska and other states, making many cross-state comparisons difficult. In particular, most states lack data on the actual supply of child care and state-level funding for child care is spread across multiple state agencies and may be a fraction of a broader budget item. For example, in Nebraska, child care subsidy is a component of the Nebraska Department of Health and Human Services public assistance budget.

Finally, three of the six Midwestern states in the analysis have statewide policies that create public-private partnerships with businesses to address child care access. Michigan's MI Tri-Share program helps moderate-income workers afford child care by distributing the cost equally between the employee, their employer and the state. Iowa's Childcare Solutions Fund creates new child care capacity by attracting and retaining workers in the child care industry. Colorado's Design Lab helps larger employers develop a plan for new child care facilities with the opportunity to apply for startup grants. All three policies have a positive economic impact, but emphasize different elements of the child care system by focusing on affordability, the workforce or facility infrastructure.

Each state program described above is successful in attracting funds from business to match public funds, and that business spending was found to have a positive impact on the economy. Business participation is also voluntary in all three programs. When assessing if a similar program is right for Nebraska, policymakers should choose the state program that addresses their priorities, whether that is to help moderate income workers afford child care (Michigan), to develop new child care slots by attracting and retaining workers in the child care industry (Iowa) or to help larger employers develop new child care facilities (Colorado).

Regardless of the approach, state policymakers should carefully consider the appropriate level of state match for business contributions. If the state provides too low a match for employer spending on the new program, employers may not be incentivized to participate. But, if the state provides too high a match, then most of the funding would come from state government rather than business, which is inconsistent with the objective to create a public-business collaboration to help fund enhanced access to child care.

Improving the quality of available data on child care capacity and funding is an important step in informing how successful public-private partnerships and other strategies could be designed. Adequately measuring the specific ways in which Nebraska's child care system is or is not meeting the needs of parents and employers will benefit policymakers and other stakeholders working to improve access to child care in Nebraska.

By updating the 2020 study's economic impact numbers, speaking with business leaders and comparing Nebraska's child care system with peer states in the region, the current study provides a more detailed assessment on Nebraska's child care needs. This study also goes one step further in detailing peer states' public-private partnerships to address inadequate child care. In presenting Nebraska's current child care data alongside policy solutions from other states', this report can serve as a starting point for businesses, industry leaders, policymakers and other important stakeholders to address Nebraska's concerns with inadequate child care.

Appendix 1

A Summary of Approaches to Child Care in Comparison States

(Prepared by Jen Goettemoeller Wendl)

First Five Nebraska and the University of Nebraska Bureau of Business Research would like to acknowledge those whose assistance was invaluable in the gathering of state research for this report.

Colleagues from Colorado, Kansas, Iowa, Michigan, South Dakota and Wyoming generously gave their time and expertise to expand our knowledge and further our efforts.

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State details on the following pages of this appendix would not have been possible without their assistance. Please accept our sincerest thanks.

Colorado

Executives Partnering to Invest in Children: Employer-Based Child Care Design Lab

Executives Partnering to Invest in Children (EPIC), is a non-profit organization founded by business leaders in Colorado with a mission to "provide nonpartisan voice for early care and education" to support the current and future workforce of the state.[77] With over 200 members, EPIC is active across the entire state.[78] EPIC has engaged in the child care policy conversation in a myriad of ways, including creating an Employer-Based Child Care Feasibility & Assessment Guide, which provides information and tools to employees and businesses interested in employer-based child care, authoring a white paper on child friendly communities[79] and championing recent successful legislation[80] on establishing the child care contribution tax credit, funding for full-day kindergarten and universal preschool. In partnership with the Colorado Department of Early Childhood, EPIC also leads the Employer-Based Child Care Design Lab.[81] The Employer-Based Child Care Design Lab is the policy evaluated in this report.

Employer-Based Child Care Design Lab

The public-private Employer-Based Child Care Design Lab guides cohorts of employers through the essential steps to plan and implement child care solutions for their employees. Participating employers throughout Colorado develop plans for on- or near-site child care solutions and building child care supply. This technical assistance support accompanied an opportunity to apply for $800,000 of capital funding to support new supply development. To date, there have been three Design Lab cycles.

Design Lab 1.0 (2022): The inaugural design lab supported a cohort of nine employers with more than 11,000 employees. Its focus was on rural communities and child care deserts within the state. Projects from this first design lab created an additional 495 child care slots, including 275 for infants and toddlers. Additionally, the projects generated 140 new positions for early educators in high-quality environments.[82] Colorado invested $54,000 in state funds in the Design Lab.[83]

Design Lab 2.0 (2023): EPIC again partnered with the Department of Early Childhood to conduct a second cohort, inclusive of participants from new counties across the state. The program was expanded with $10 million in federal funds allocated in 2022.[84] Across the first two cohorts, EPIC touched 16 different counties across the state, many of which were rural or frontier regions in significant need of the supply that these child care solutions would ultimately contribute to growing.[85]

Design Lab 3.0 (2024): From February to June 2024, the Colorado Department of Early Childhood (CDEC) partnered with EPIC for a third iteration of the Employer-Based Child Care Design Lab. Design Lab 3.0 consisted of eight virtual lab sessions, technical assistance sessions, an employer panel and an in-person event. The lab sessions were divided into two phases: Phase 1 focused on project feasibility and planning, while Phase 2 emphasized implementation.[86] Design Lab 3.0 participants made up three of the five EBCC grant recipients in 2024.[87]

Iowa

Childcare Solutions Fund

Iowa's Childcare Solutions Fund is part of a multi-strategy approach to strengthening the child care system in the State of Iowa, reaching beyond federal and state assistance through the child care subsidy to engage businesses, philanthropists and everyday Iowans. In her January 14, 2025, Condition of the State address, Governor Kim Reynolds laid out priorities including an early literacy enhancement strategy to help parents reinforce reading skills at home, making permanent a pilot program that provides free child care to child care providers and raising the wages of child care providers through a new, statewide pilot program called the Community Solutions Fund.[88] The Community Solutions Fund was eventually renamed the Childcare Solutions Fund and is the policy evaluated in this report.

Child Care Solutions Fund

Background. In spring 2021, Hamilton County, Iowa, through the Enhance Hamilton County Foundation, launched a public-private effort to address child care workforce issues.[89] Although the county had four child care centers and more than enough young children needing child care to fill all the slots, the centers were operating at 65% capacity due to lack of staff. This equated to over 125 licensed child care spaces sitting unused.[90] To address the issue, the Hamilton County Child Care Coalition asked local employers to voluntarily invest in a "solutions fund" at the rate of $125 per employee each year. The goal was to grant the funds to the county's child care providers to be used for hiring and retention.[91] At the time of the November 2024 evaluation report, "over $710,000 has been pledged to Hamilton County's solutions fund, including $227,000 in public funds and $433,078 in private funds. The fund increased provider wages by 36% and has retained enough child care workers to bring all four centers up to their maximum licensed capacity. The county of only about 15,000 residents and 2,350 children under age 12 now has 100 additional children receiving care."[92]

Expansion. A second solutions fund was established in Johnson County, Iowa, and by October 2023, the Iowa Department of Health and Human Services (HHS) introduced a pilot program, matching private funds with public funds, to expand to additional communities.[93]

With $3 million American Rescue Plan Act (ARPA) funds allocated for the purpose, an additional eight communities were selected to join Hamilton and Johnson counties in the Child Care Solutions Fund (CSF) pilot program.[94] These 10 communities decided local parameters (e.g., increasing providers hourly wages, recruitment/retention bonuses, requirements for participation in QRIS, etc.), and had to report data such as the number of staff impacted and the number of children moved from waiting lists to being served in the program. Finally, each pilot community had to generate a local match. There were multiple pathways for business involvement (e.g., donating money to the fund, providing a fixed monetary benefit to each employee, providing on-site child care for their third shift, etc.).[95] Within a matter of a few weeks of being selected, the pilot communities had raised $1.5 million in matching funds. While matching funds came overwhelmingly from businesses, even some parents wrote $100 checks. According to Iowa HHS Director of Child Care, Ryan Page, there was true community buy-in.[96]

By utilizing a statewide fund rather than simply local community funds, systemic infrastructure can be built to expand the success of this program eventually into Iowa communities statewide.[97] Additional state investments beyond the original $3 million ARPA funds have not yet been secured and are still in development.[98]

Measuring the Impact

In November 2024, Common Sense Institute Iowa published an evaluation report of the CSF.[99] Across all pilot communities, CSF:

- Created 275 child care slots.
- Engaged 105 child care providers.
- Impacted over 1,200 child care personnel.
- Raised $2.4 million from 373 separate private investors to sustain the program.
- Created an average of 22 new child care slots per 1,000 children.

The report concludes that a statewide CSF has potential to create nearly 11,000 new child care slots, increase workforce participation for Iowa women, add approximately 8,000 jobs to Iowa's economy either directly or indirectly and expand Iowa's GDP by $13 billion over 10 years.[100]

Kansas

Seeding Local Partnerships

The State of Kansas has a mixed delivery child care system focused on responding to local needs through child care coalitions across the state. Recent efforts at the systems level include creating a new "small center" child care license,[101] deregulating child care[102] and creating an Office of Early Childhood. A Preschool Development Grant Birth through Five (PDG B-5) recipient since 2018,[103] Kansas prioritizes local control. No state general funds are invested in child care beyond CCDF requirements. As such, there is not a business and state public-private partnership that meets the criteria for inclusion in the economic impact policy analysis for this report. Below is a description of local strategies, which can include business partnerships, but are not targeted toward businesses.

Seeding Local Partnerships

As a local-control state, Kansas is intentional about creating the conditions for local partnerships to flourish. Utilizing CCDF and PDG funds, the Kansas Department of Health and Human Services contracts with Child Care Aware of Kansas to support coalition-building efforts at the local level. Efforts include resource and referral, as well as outreach, engagement and a $30,000 community grant opportunity. Community coalitions request assistance on various topics for addressing local challenges, to which Child Care Aware of Kansas responds. All topics and assistance remain local. Challenges which may be common among multiple communities are not addressed at the systems level.

To build and expand slots needed in local communities, the Kansas Department of Health and Human Services partnered with a private foundation to launch Child Care Capacity Accelerator Grants. Utilizing $31 million in CCDF ARPA, $20 million in state ARPA,[104] and $2.5 million from the private foundation, this effort has funded 63 local grantees. Some of the grantees are businesses. One large company who utilized the Accelerator Grant added 200 child care slots in their community. Statewide, the Child Care Capacity Accelerator Grants created 6,000 new child care slots. A 25% community match is required to utilize funds.

In response to local interest, Arkansas City, Kansas, attempted to pilot the Tri-Share child care model. The Child Care Capacity Accelerator Grant was used as the state investment, but after one year of effort and considerable business interest, the community was unable to get any local businesses to fully commit. The pilot never got off the ground and efforts have not continued.

Another effort to address local child care capacity involves Hutton Construction. This large construction company partners with child care facilities in many communities by providing stock plans that meet licensing requirements of the Kansas Department of Health and Environment.

The most recent effort aimed at building local child care capacity is a Child Care Endowment administered by the Northwest Kansas Innovation Center. The structure was built in 2024 by philanthropic efforts. With a $5 million commitment from the State and a $5 million[105] investment from the Northwest Kansas Innovation Center, this endowment is in the fundraising stage with a goal of $25 million. Interest from the corpus will fund child care grants. Local businesses are incentivized to contribute with tax benefits and, once a contribution has been made, businesses are eligible to secure a grant for child care in their local community.

Employer Roundtable

Using PDG funds, the Wichita Chamber of Commerce is hosting a Business-to-Business Employer Roundtable in fall 2025, gathering 10 businesses to determine what businesses need to invest in child care. These discussions are intended to inform how the State can continue to create conditions for local coalitions and partnerships to support investments in child care.

Michigan

MI Tri-Share

MI Tri-Share is an innovative, bipartisan and employer-driven program that allows businesses to offer discounted child care tuition as an employee benefit to improve recruitment and retention while reducing absenteeism, reducing a family's child care costs by two-thirds and stabilizing child care provider budgets through consistent and timely payments. Launched in March 2021, MI Tri-Share distributes an employee's cost of licensed child care equally among three entities: the employer, employee and the State of Michigan.[106] This program is available for families with income levels between 200-325% of the federal poverty level.[107]

Mi-Tri Share Participants

Employers. Participation in MI Tri-Share is voluntary. Participating employers set their initial investment amount then the regional facilitator hub or MI Tri-Share's statewide administrative partner, United Way of Northwest Michigan (UWNWMI),[108] helps determine the annual number of slots that can be offered based on current child care rates in the local area. Employers have the discretion to determine how slots will be distributed (i.e., one per family or one per child within a family) and allocated among employees (i.e., first-come, first-served, need-based or lottery system).[109] Once employees are enrolled, employers collect the employee contribution through payroll deduction or another method of their choice. As of September 4, 2025, 273 Michigan employers participate in MI Tri-Share.[110]

Employees. Employees with a participating employer are eligible for Tri-Share if their income falls between 200-325% FPL. After submitting an application, additional expectations include providing necessary documentation to the statewide administrator, enrolling in payroll deduction through the employer to pay their one-third share of the cost of child care, participating in program surveys and notifying the statewide administrator of any changes in child care providers.[111] Employees are eligible for two years of Tri-Share beginning with their benefit start date.

Child care providers. With MI Tri-Share, child care providers receive 100% of a qualified employee's child care payment directly from UWNWMI. This means no collecting payment from families or from the state. Sign-up involves submitting the provider agreement and a W-9 to UWNWMI Tri-Share staff. Once enrolled, when a provider enters the hours and cost of care for each child participating in the MI Tri-Share program by the end of the week (Friday) to the UWNWMI billing portal, they will receive payment from UWNWMI the following week, "even if UWNWMI has not received the employee, employer, or state payments," according to their website.[112] Child care providers can participate in Tri-Share as both a provider and an employer (offering the Tri-Share benefit to their own employees).

Regional facilitator hubs and statewide administrator. Regional facilitator hubs are a trusted local resource. They recruit employers and employees into the MI Tri-Share Program, support local child care providers and generally ensure the program's success. Their role in Tri-Share has been adjusted as the model has progressed, creating more efficiencies and ensuring integrity of the model statewide. Regional facilitator hubs receive approximately $3,000 per month to support recruitment efforts.[113] In the original model, regional facilitator hubs administered the MI Tri-Share program for their region, but now Michigan utilizes UWNWMI as a centralized statewide administrator for the program, which has increased efficiency and streamlined program delivery.[114]

Financial Investments in Tri-Share

Since the original pilot ended in June 2022, Michigan families have saved in excess of $8,152,399 as of February 2025.[115] Given the one-third cost-sharing nature of the program (and the two-thirds cost savings families enjoy), this figure represents an investment of at least $4,076,199 by the State of Michigan[116] and an investment of at least $4,076,199 by local Michigan employers into child care for their employees.[117] The State of Michigan invested $3.4 million in Tri-Share in FY24.[118]

Measuring the Impact

Evaluation is another critical component of Tri-Share's success. Michigan invested in both a FY21 Pilot Evaluation[119] and a FY24 Expansion Evaluation.[120] Key findings from the FY24 Expansion Evaluation include:

- Participation has grown almost 100% between employers, employees and child care providers from December 2022 to March 2024.
    - 70.6% increase in employers (119 to 203)
    - 147.7% increase in employees (222 to 550)
    - 80.1% increase in child care providers (206 to 371)
- 71% of employers indicate the program has helped with employee retention, and 80% believe it will be helpful to retain employees in the future.
- 97% of families said that participating in the program improved their financial stability.
- 56% of child care providers said that Tri-Share participation improves their financial stability.

South Dakota

Child Care Workforce Study

In October 2024, the South Dakota Department of Social Services (DSS), Division of Economic Assistance, published the South Dakota Child Care Workforce Study.[121] The study outlines the challenges and opportunities facing the child care workforce, provides a comprehensive picture of the current South Dakota child care workforce to guide ongoing improvements in the quantity, quality, and retention of the South Dakota workforce, and identifies evidence-based and promising strategies that South Dakota businesses and communities could utilize to support, recruit, and retain child care employees. In addition, the study highlighted six community- and business-led initiatives that have the potential to be replicated. The findings from the local efforts are described here, however, there are not any business and state public-private partnerships that meet the criteria for inclusion in the economic impact policy analysis for this report.

Analysis of the local initiatives identified several replicable strategies, including providing employer-sponsored child care, building a child care facility, developing partnerships, among other strategies.[122] Additionally, six case studies were developed, each providing detail on the initiative and considerations for replicating.[123]

Additional Local Business Efforts

State partnerships with the business community have not materialized in South Dakota,[124] but business-led efforts to build the child care system are certainly present. The following efforts are noteworthy.

Brookings Economic Development Corporation. When local employers identified child care access as the greatest obstacle to workforce participation, the Brookings Economic Development Corporation (BEDC) launched a workforce study and built partnerships across industries in what would eventually become the Brookings Early Care and Education Collaborative. This group developed a child care supply plan to create 900 slots in Brookings County, with more than half of the slots in the city of Brookings.[125] While initially considering a new facility, the BEDC ultimately formed a new collaborative, the Brookings Child Care Collaborative, by partnering with existing child care programs, Brookings School District and a local technical assistance provider at South Dakota State University. This new collaborative was able to leverage existing facility space, modify how families are served through different programs and maximize availability of child care slots.

Rapid City Tri-Share Pilot. Utilizing Michigan's Tri-Share program as a model, the John T. Vucurevich Foundation (JTVF) launched a Rapid City Tri-Share pilot program.[126] The pilot program splits the cost of child care between JTVF, one of three enrolled employers, and the families of children between 209%-325% FPL who do not qualify for child care assistance in South Dakota.[127] Similar to MI Tri-Share, there is a central hub for coordination and implementation, the South Dakota Association for the Education of Young Children (SDAEYC).[128] The pilot will end in 2026, and JTVF has a goal of securing $500,000 in external funding to sustain and expand the work beyond the pilot.

Development of Statewide Collaborative

South Dakota Child Care Business Collaborative. The South Dakota Child Care Business Collaborative is a product of the Early Childhood and Business Advisory Council (ECBAC) efforts of the Bipartisan Policy Center, the United States Chamber of Commerce Foundation, and the Buffett Early Childhood Institute. Partners include SDAEYC's Early Learner South Dakota program, the South Dakota Chamber of Commerce and Industry, Elevate Rapid City, the Greater Sioux Falls Area of Commerce, and the JTVF. According to their website, "This business collaborative will act as a think tank and the vehicle to move action forward on the child care crisis in South Dakota. Early Learner South Dakota will act as the facilitator in this process, provide innovative solutions to the group, and bring research from other states working on the child care crisis."[129]

As part of the business collaborative, SDAEYC partnered with the Committee for Economic Development (CED) of the conference board to create the South Dakota Employer Child Care Toolkit,[130] which provides employers information on expanding availability and improving affordability of child care and promoting family-friendly workplace policies.

Wyoming

Child Care Provider Grants

Wyoming is in early stages when it comes to engaging businesses in the development of their child care system. Rather, the current focus is on supporting child care providers as small businesses, particularly around building and sustaining a budget, as well as encouraging professional learning as a means of connecting and reducing isolation.[131] Whereas Wyoming does not have a business and state public-private partnerships that meets the criteria for inclusion in the economic impact policy analysis for this report, one effort resulting in a public-private partnership shows signs of momentum for a longer-term systems strategy.

Background: Harvard University's Growth Lab. The State of Wyoming has experienced sustained losses of jobs, income and other key drivers of growth for more than a decade.[132] Faced with this outlook, the Wyoming Business Council turned to Harvard University's Growth Lab. The Growth Lab research team worked in partnership with the Wyoming Business Council, numerous state agencies, local government offices and Wyoming-based research institutions to develop stronger pathways to sustainable prosperity across the State of Wyoming.[133] Evaluating barriers to workforce participation, housing and child care rose to the top.

The Growth Lab identified a set of targeted initiatives for enabling business entry and child care slots through both centers and home-based facilities.[134,135] Though the research recognizes an expansion of funding in subsidies to parents and families would be useful, and the state government dramatically underspends on early childhood education in comparison to its longstanding focus on high K-12 spending, the focus of a white paper and policy brief was on low-cost and impactful ways to enable the market to better expand supply to meet high expressed demand.

Creating a Public-Private Partnership. Out of this research, the Wyoming Business Council launched an Interagency Child Care Working Group with subgroups focusing on the business side of child care, regulations, subsidies, zoning and grantmaking.

Led by the Wyoming Community Foundation, the grantmaking subgroup developed and launched the Childcare Provider Start-up Grant[136] utilizing pooled funds from the Wyoming Department of Family Services, the John P. Elbogen Foundation, the Wyoming Community Foundation and the Wyoming Council for Women. Applicants were eligible to receive up to $10,000 for startup or expansion services and were connected to free support services from the Wyoming Early Childhood Professional Learning Collaborative, the Wyoming Small Business Development Center and the Wyoming Women's Business Center. The grant awarded $72,000 in its first round (open January 1-30, 2025) and according to the Wyoming Community Foundation.[137,138] The second round (April 1-30, 2025) expended the remainder of the funds as of June 30, 2025.[139]

Measuring the Impact

The Growth Lab is currently conducting follow-up interviews with recipients of the first round of Child care Provider Grants, collecting data and tracking impact. The same will be done for the second round of grantees. While no evaluation is yet available, Wyoming hopes to have this data available in summer 2025. While there is currently no statewide advocacy organization for child care in Wyoming, the Wyoming Community Foundation hopes to utilize results from the Child Care Provider Grants to build on initial success of the program through increased and diversified funding.[140]

Appendix 2

About the Authors

First Five Nebraska

First Five Nebraska is a statewide public policy organization focused on the early care, education and healthy development of our state's youngest children. We promote fiscally responsible, evidence-based policies and public-private partnerships that create social, educational and economic opportunity for all Nebraskans, beginning with strategic investments in early childhood.

The Bureau of Business Research

The Bureau of Business Research is a leading source for analysis and information on the Nebraska economy. The Bureau conducts both contract and sponsored research on the economy of Nebraska and its communities including: 1) economic and fiscal impact analysis; 2) models of the structure and comparative advantage of the current economy; 3) economic, fiscal, and demographic outlooks, and 4) assessments of how economic policy affects industry, labor markets, infrastructure, and the standard of living. The Bureau also competes for research funding from federal government agencies and private foundations from around the nation and contributes to the academic mission of the University of Nebraska through scholarly publication and the education of students.

Key Personnel

Dr. Katie Bass

Dr. Katie Bass is the Policy Research Manager for First Five Nebraska, overseeing the organization's research priorities. Dr. Bass joined First Five Nebraska in 2020 after serving as the Research Director for the Nebraska Foster Care Review Office. Her research includes evaluation of policy implementation in Nebraska for the child care subsidy expansion and the School Readiness Tax Credit, an impact study on business-child care partnership, assessments of subsidy rate-setting methodologies and analysis of early childhood industry and maternal and child health data. Dr. Bass frequently presents her work to the Nebraska Legislature and at various state and national conferences including the Nebraska State Chamber of Commerce & Industry Economic Development Summit and Annual Meeting, the Thriving Children, Families, and Communities Conference and the Child Care Aware of America Symposium. Dr. Bass is a trained sociologist with expertise in mixed methodology.

Dr. Sara Brady

Dr. Sara Brady is a Researcher for First Five Nebraska's data and research team. Dr. Brady has conducted policy research for First Five Nebraska since 2022. Her research includes large projects such as examining Nebraska's income eligibility expansion of the child care subsidy program, as well as smaller projects, such as Hudl's impact of on-site early education and care. She also supports other teams at First Five Nebraska by maintaining and updating data sources used to advocate for policies affecting families living at or near poverty level, children enrolled in child care, early childhood educators and maternal and child health. Her work has been presented to the Nebraska Legislature, as well as to a national audience in Washington, D.C. As a trained experimental social psychologist, Dr. Brady brings expertise in quantitative methods and behavioral science to policy research projects.

Jen Goettemoeller Wendl, MSW

Jen Goettemoeller Wendl, MSW, is a policy consultant focusing on systems that allow young children to thrive—in their families, in their local communities, in Nebraska and across the country. Jen has more than 20 years of experience in early childhood education policy. She works across the political spectrum and with the highest respect for collaboration between public, private and faith-based sectors. Prior to private consulting, Jen co-founded First Five Nebraska, building and directing the organization's public policy efforts. She was an adjunct faculty member at Nebraska Wesleyan University and has extensive direct service experience in social service organizations in Oklahoma, Kansas and Texas. She has been an advisory board member of the Nebraska Resource Project for Vulnerable Young Children at the University of Nebraska–Lincoln since its founding in 2015. Jen earned a bachelor's degree from Benedictine College in Atchison, Kan., a Master of Science in Social Work with a focus on macrosystems and public policy from the University of Texas at Austin, a Graduate Portfolio in Nonprofit Studies from the RGK Center for Philanthropy and Community Service, a lobbying certificate from the Association of Government Relations Professionals and is a Class IX graduate of the Nebraska Chamber of Commerce & Industry's *Leadership Nebraska*.

Dr. Eric Thompson

Dr. Eric Thompson is the principal investigator on this project. Dr. Thompson is the Director of the Bureau of Business Research and an Associate Professor of Economics at the University of Nebraska–Lincoln. Dr. Thompson has conducted a broad group of economic impact studies including impact studies of Nebraska agriculture, Sandhill Cranes' migration, the Nebraska child care industry, Omaha Zoo, Nebraska horseracing industry, Husker Harvest Days and the UNL Athletic Department. Dr. Thompson also works on demographic projections, and analyses of economic development programs for Nebraska and cities in Nebraska. He also has conducted numerous economic impact studies for the Lincoln Department of Economic Development, the Greater Omaha Chamber, the Nebraska Department of Economic Development, various Nebraska industries and Nebraska tourism attractions. Dr. Thompson's research has received support from the United States Department of Labor, the Robert Wood Johnson Foundation, the Center for Economic Analysis, the Nebraska Health and Human Services System as well as Lincoln, Omaha and Nebraska organizations and agencies. In his previous employment, Dr. Thompson served as Director of the Center for Business and Economic Research and a Research Associate Professor of Economics at the University of Kentucky. Dr. Thompson received his Ph.D. in agricultural economics from the University of Wisconsin–Madison in 1992. His research fields include regional economics, economic forecasting and state and local economic development. His research has been published in *Regional Science and Urban Economics*, the *Journal of Regional Science*, the *American Journal of Agricultural Economics*, the *Journal of Cultural Economics* and the *Economic Review of the Federal Reserve Bank of Cleveland*.

Dr. Mitchel Herian

Dr. Mitchel Herian serves as Project Director at the Bureau of Business Research. Dr. Herian also serves as a faculty fellow at the University of Nebraska Public Policy Center and an adjunct professor in the UNL Department of Political Science. Dr. Herian has conducted applied research for agencies such as the U.S. Army, National Aeronautics and Space Administration (NASA), Nebraska Supreme Court, Nebraska Department of Education and the Kansas Department of Corrections. His research has received support from agencies including the National Science Foundation and the National Institute of Justice. Dr. Herian's research has been published in a variety of peer-reviewed journals including the *Journal of Public Administration Research and Theory*, *American Review of Public Administration*, *Policy Studies Journal*, *State and Local Government Review* and *Ecology & Society*.

Dr. Tammie Fischer

Dr. Tammie Fischer is the former Director of the Center for Economic Education at the University of Nebraska–Lincoln. In addition to her work at the Center for Economic Education, Dr. Fischer was a college lecturer for principles and intermediate courses in Macro and Microeconomics at the undergraduate level for business majors/minors and education majors. Dr. Fischer's research interests include economic education and financial literacy at the precollege and college level, the assessment and role of economic educators, curriculum and instruction. Her research has been presented in the national economic education network as well as published in the *Journal of Consumer Education* and *American Economist*. Dr. Fischer is a Professor Emeritus of the UNL Department of Economics since September 1, 2024.

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[24] See IMPLAN documentation for further explanation: https://support.implan.com/hc/en-us/articles/360035998833-Understanding-Output

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Recommended Citation:
Thompson, E., Herian, M., Goettemoeller Wendl, J., Fischer, T., Bass, K., & Brady, S. E. (2025, October). Unlocking Nebraska's Potential: Child Care a Key to Nebraska's Economic Future. *Nebraska Chamber Foundation.*