



September 29, 2020

Senator John Stinner, Chair
Members of the Appropriations Committee
Nebraska Legislature

Re: LR390

Senator Stinner and Members of the Appropriations Committee,

My name is Elizabeth Everett and I'm the Deputy Director of First Five Nebraska. First Five Nebraska is a public policy organization focused on promoting quality early care and learning opportunities for Nebraska's youngest children throughout the state. I am here today to offer our organization's insight on LR390.

Much of First Five Nebraska's work is based on the recognition that the decisions we make about the care and learning of young children directly and indirectly affects the economic stability and growth of our state. Quality child care programs play a key role in helping parents guide the early development of children so they are more likely to grow up to become successful, productive members of our communities and state. But quality child care is also a crucial element of the infrastructure that enables parents to participate in the workforce to better provide for their families. It improves workplace productivity for employers, generates revenue for the state and contributes to economic activity on a broad scale.

Despite the obvious importance of child care, there are very few supports that make owning a child care program or working in this industry a viable career for existing or aspiring educators and entrepreneurs. High employee turnover, low profit margins and burdensome operating costs represent a serious challenge to the sustainability of many child care programs. Demand for child care typically exceeds the number of providers and slots available in our communities. As a result, Nebraska has suffered from a chronic shortfall in access to child care in all regions of the state.

Last year, First Five Nebraska commissioned the University of Nebraska–Lincoln's Bureau of Business Research to study the economic fallout of inadequate child care options on family income, employer profitability and state revenues. The findings of that study, published in August under the title, *The Bottom Line*, offer an alarming snapshot of what the gaps in our child care infrastructure cost Nebraskans directly and indirectly, pre-COVID-19.

Nebraska's working parents depend on stable care arrangements that align with their professional schedules and allow them to be present and productive at work. Similarly, employers depend on their workers to be punctual, reliable and fully engaged with their jobs. Short-term disruptions in child care—such as a provider being unable to open due to illness—are serious issues when there is no redundancy available for the families who depend up on them. Long-term disruptions—such as the permanent closure of a child care program—can result in even more severe financial setbacks for families and employers.

The *Bottom Line* study accounted for direct losses from both short- and long-term disruptions in child care access. Those losses were linked to abbreviated paid hours due to tardiness or early departure from work, full-day employee absences, lost opportunities for professional advancement, lost workplace productivity,

and costs of employee turnover, among other factors. The Bureau of Business Research found that gaps in child care availability cost working parents \$489 million and employers \$234 million annually.

Combined with related effects on tax revenues, the total estimated direct loss due to inadequate child care access in Nebraska exceeded \$745 million annually. This does not account for the ripple effect such losses create by reducing economic activity throughout our communities and state. Nor does it account for the additional strains COVID-19 has placed on Nebraska's child care professionals and the industry as a whole. We can say with confidence that the economic impacts of inadequate child care access are—in all probability—even more severe than those I've outlined for you today.

Simply put, the child care industry experiences significant challenges even in optimal economic conditions. In the face of an unprecedented challenge such as COVID-19, it is more urgent than ever that we find ways to make our state's child care system more resilient and sustainable if we are to mobilize the workforce we need for economic recovery. This is why LR390 merits the focused attention of Nebraska's public and private leadership.

Thank you again for the opportunity to speak with you today. On behalf of First Five Nebraska, I wish to express our appreciation to Senator Stinner for his work and leadership on this crucial issue. We look forward to working with you and the Nebraska Legislature to ensure that our child care system will support the economic opportunity, stability and quality of life Nebraska is known for.

Sincerely,

A handwritten signature in black ink that reads "Elizabeth Everett". The signature is written in a cursive, flowing style.

Elizabeth Everett
Deputy Director
First Five Nebraska