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Contact: Michael Medwick,  
Strategic Communications Manager  
First Five Nebraska  
[mmedwick@firstfivenebraska.org](mailto:mmedwick@firstfivenebraska.org)  
402-617-0350

## **LACK OF CHILD CARE COSTS NEBRASKANS \$745 MILLION PER YEAR, REPORT FINDS** *The multiplied economic impact is even more severe*

**Lincoln, NE:** Inadequate access to child care costs Nebraska families, businesses and state tax revenues nearly \$745 million annually in direct losses, according to a report released today by First Five Nebraska.

*The Bottom Line: Economic impacts of inadequate child care access in Nebraska* explores how gaps in child care availability affect family income, employer profitability and state revenue in research conducted by the University of Nebraska–Lincoln, Bureau of Business Research.

With nearly 75% of Nebraska children in some type of care while their parents work, early childhood programs are crucial to the state's economy. They support working parents on the job, allow businesses to recruit and retain talent and help Nebraska's future workforce develop cognitive and social-emotional skills for long-term success in school and life.

"The report's findings boil down to a simple conclusion: Inadequate child care is a serious barrier for improving family incomes, the bottom line of businesses and the economic growth of our state," said Jason Prokop, director of First Five Nebraska, an early childhood policy and research organization. "To support the economic vitality of Nebraska families, businesses and our economy, it is imperative that parents, local stakeholders, employers and government come together to create effective, community-driven solutions that strengthen Nebraska's early childhood infrastructure."

Eric Thompson, director of the Bureau of Business Research and one of the principal investigators for *The Bottom Line*, believes the report can offer valuable insight in the ongoing conversation about child care as an economic driver in Nebraska.

"The UNL Bureau of Business Research studies factors that affect economic growth, including the availability of early childhood care and education in our state. We hope *The Bottom Line* report will contribute to a more informed discussion about the impact of child care on labor force participation, employer profitability and economic productivity in Nebraska," said Thompson.

Key findings of *The Bottom Line* show that gaps in child care availability:

- **Cost Nebraska families up to \$489 million a year in direct losses to household income from missed work and reduced hours.** In some cases, working parents may forgo opportunities for higher-paying positions, or may even leave the workforce entirely.
- **Cost Nebraska businesses more than \$234 million in direct losses annually** due to decreased productivity and higher employee turnover.
- **Reduce Nebraska tax revenues by \$21 million** each year.

“Nebraska’s businesses have been working with community partners to close the gap in available child care beginning well before the pandemic,” said Bryan Slone, president of the Nebraska Chamber of Commerce & Industry. “But the consequences of COVID-19 may now have once again widened that gap, preventing parents from entering or returning to the workforce. Simply put, if parents don’t have a place they can trust to care for their kids, they will not be able to fully contribute to the critical need to re-energize and strengthen our state’s economy coming out of the pandemic.”

### **A multiplied economic effect**

The *Bottom Line* report also reveals how direct losses due to child care gaps are multiplied throughout the economy. As families lose income, they tighten their belts and reduce spending. This reduces profit for businesses and lower tax revenue for Nebraska.

The bottom line: Gaps in child care availability amplify the challenges working parents face as they try to provide for their youngest children while participating in the state’s workforce. This has short- and long-term impacts on family income, as well as business output and state tax revenue. The combined direct and multiplied losses of inadequate child care costs Nebraskans about \$639 million in income, \$731 million in business output and \$26 million in income tax revenues each year. Reduced economic activity due to child care gaps also decreases employment opportunity, costing the state an estimated 3,337 jobs per year.

For more information, visit [FirstFiveNebraska.org](https://www.FirstFiveNebraska.org).

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### **About First Five Nebraska**

First Five Nebraska helps shape the public conversation about early childhood to give more Nebraska children a great start and productive future. The statewide organization works alongside elected officials, business and industry leaders, educators and community stakeholders to make Nebraska an ideal place to raise a family, advance a career, grow a business and build stronger, more prosperous communities. Learn more at [FirstFiveNebraska.org](https://www.FirstFiveNebraska.org).

### **About the University of Nebraska–Lincoln, Bureau of Business Research**

The University of Nebraska–Lincoln, 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. It 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–Lincoln through scholarly publication and the education of students. Learn more at [business.unl.edu/research/bureau-of-business-research](https://business.unl.edu/research/bureau-of-business-research).