

The Bottom Line

Economic impacts of inadequate child care access in Nebraska

Insufficient options for stable, reliable child care take a heavy toll on Nebraska's working parents, employers and state revenues—**nearly \$745 million annually in direct losses.**

But the broader economic fallout due to gaps in child care is even more severe and far-reaching.



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Child care matters to Nebraska's economic recovery and growth

Access to quality child care plays a key role in Nebraska's prospects of ongoing economic stability and growth. These programs create employment opportunity for working parents, encourage workplace productivity for employers, generate net revenue from increased economic activity and help build the talent pipeline our state needs to compete in tomorrow's marketplace.

Despite the obvious economic importance of the child care industry, it is one of the most chronically under-acknowledged pillars of our state and local infrastructure. There are relatively few supports that make owning or operating a child care a viable career option for early childhood professionals and entrepreneurs.

Prior to the onset of COVID-19, approximately 84 percent of all Nebraska counties lacked sufficient child care to meet the needs of their local workforce (Buffett Early Childhood Institute: *Elevating Nebraska's Early Childhood Workforce*, 2020). This shortfall is likely to increase as the pandemic continues.

In the winter of 2019-2020, First Five Nebraska commissioned the **University of Nebraska—Lincoln, Bureau of Business Research** to study the economic fallout of inadequate child care options on family income, employer profitability and state revenues. This overview describes First Five Nebraska's interpretation of the key findings of that report and their implications for our state's economic recovery and growth.

Effect on Working Parents

Nebraska parents depend on stable child care arrangements that align reliably with their own working schedules and obligations. Very often, however, the scarcity of available child care options means that families have little flexibility or alternatives in situations when they cannot access a provider.

Losses to Working Parent Income

Direct annual impact of inadequate child care options

Absenteeism _____	\$ 45,992,517
Turnover/Job Loss _____	\$ 161,899,650
Remain Part Time _____	\$ 43,987,373
Reduce Hours to Part Time _____	\$ 189,038,489
Forgoing a Promotion _____	\$ 48,465,403

TOTAL DIRECT LOSSES _____ \$ 489,383,432

Short-term disruptions in child care arrangements may be due to having a sick child or the temporary closure of a regular child care provider. These situations often result in employees arriving late or leaving early from work, or a full-day absence from the job. This is especially problematic for hourly wage-earning parents who do not have paid time off benefits.

Longer-term disruptions result from more deeply systemic issues, such as the permanent closure of a child care provider, or the affordability of child care services. These lead to more sustained financial obstacles for working parents, such as having to switch from full-time to part-time status, decline opportunities to move to full-time hours, fewer chances for professional advancement, as well as voluntarily leaving a job or termination of employment.

Effect on Business

Child care gaps not only have a pronounced effect on the take-home pay and earning potential of individual workers—they also translate into economic losses for employers.

Losses to Employers

Direct annual impact of inadequate child care options

Absenteeism _____	\$	22,996,259
Workplace Productivity _____	\$	153,604,218
Employee Turnover _____	\$	57,771,670

TOTAL DIRECT LOSSES _____ **\$ 234,372,147**

While employers incur no additional costs in terms of hourly wages or salaries due to short-term disruptions in child care availability, these situations often result in lost productivity resulting from abbreviated working hours and employee absences.

When chronic problems with child care availability lead to voluntary or involuntary worker turnover, the costs of lost productivity are increased by the expense of hiring and onboarding new employees.

Effect on State Revenues

Breakdowns in child care availability result in an overall decrease in taxable income and therefore lower annual tax revenues for the state.

Losses to State Tax Revenues

Direct annual impact of inadequate child care options

Absenteeism _____	\$	2,226,229
Turnover/Job Loss _____	\$	5,688,374
Remain Part Time _____	\$	1,543,957
Reduce Hours to Part Time _____	\$	9,278,332
Forgoing a Promotion _____	\$	2,363,915

TOTAL DIRECT LOSSES _____ **\$ 21,100,807**

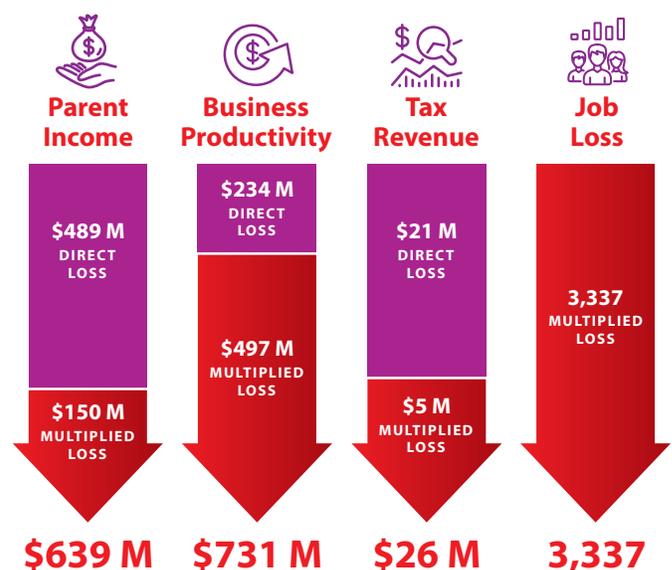
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Direct and multiplied annual economic impacts of inadequate child care in Nebraska

When gaps in child care availability result in lower family income, it reduces parents' ability to purchase goods and services for household needs. This means Nebraska businesses earn less revenue as vendors of those goods and services, lowering their own business productivity, ability to compensate workers and create employment opportunity.

As a result, this reduces employers' ability to generate further economic activity by doing business with other vendors—whose productivity and profits decrease in turn.

In effect, the fallout of inadequate child care is not limited to its direct impact on families, employers and state revenue. It creates multiplied economic losses that are experienced more broadly on a local and statewide scale.



Find additional information and download the full report at FirstFiveNebraska.org