



Child Care and the CHIPS Act: Guidance for Nebraska Sites

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The CHIPS and Science Act allocates \$52.7 billion for semiconductor R&D, manufacturing and workforce development.

Facilitating access to affordable quality child care is a key step in ensuring semiconductor manufacturers and related industries have the skilled workforce they need to achieve the economic and national security goals of the CHIPS Act.

Key points

- ▶ The CHIPS and Science Act could bring more than 4,700 new jobs to Nebraska in semiconductor manufacturing, research and development and related industries.
- ▶ The U.S. Department of Commerce has identified child care as a key component in recruiting and retaining a skilled workforce.
- ▶ Manufacturers applying for \$150 million or more in CHIPS Act incentives must include a child care plan that follows core principles of affordability, accessibility, reliability and quality.
- ▶ Semiconductor manufacturers should consider a variety of child care solutions that fit their production models, corporate goals, budgets and workforce needs.

Introduction

Passed by Congress in 2022, the CHIPS and Science Act aims to strengthen U.S. economic growth and national security through the development of the domestic semiconductor industry. The U.S. Department of Commerce will oversee \$52.7 billion for semiconductor research, development, manufacturing and workforce development.¹

Several chip manufacturers are already considering Nebraska as a potential site for their facilities, which could bring as many as 4,700 high-tech jobs paying an average of \$84,500 a year to the state.²

Among the key components of the bill, the U.S. Department of Commerce requires that manufacturers applying for \$150 million or more in CHIPS incentives address the child care needs of workers who build or operate semiconductor chip fabrication plants.³ This brief outlines child care considerations for manufacturers considering Nebraska for their semiconductor production facilities.

Child care supports economic growth

Nebraska is widely recognized for its highly skilled, productive workforce, yet the state has one of the tightest labor markets in the country. With over 40,000 jobs currently unfilled across all industries⁴ and another potential 4,700 new jobs created through the CHIPS Act, it is imperative to mobilize, attract and retain more skilled workers to meet employer demand.

One of the biggest barriers to workforce participation is access to affordable, quality child care. More than 74% of all Nebraska children under age 6 have all available parents in the workforce.⁵ This ranks the state sixth in the country, behind the District of Columbia, Minnesota, Vermont, Iowa and North Dakota.



Nebraska is already short 20,000 child care spots to support its current workforce.

That doesn't include new spots needed to support workers in semiconductor manufacturing and related industries.

Demand for child care slots in Nebraska is rapidly outpacing the supply in an industry that was already falling behind before the marketplace disruptions of the global pandemic. To meet the current needs of working parents, Nebraska would require more than 20,000 additional child care slots.⁶ That figure does not include the number of new spots necessary to support an expanded workforce supporting semiconductor manufacturing and supporting industries, such as construction.

Another obstacle to workforce participation is the cost of child care. Child care costs are increasing faster than household income, pushing some parents to opt out of the workforce as the cost of care outprices the financial benefits of employment. A recent national study conducted by the U.S. Chamber of Commerce found that nearly 60% of parents cited lack of child care as their reason for leaving the workforce, while 26% cited their inability to afford these services.⁷

Child care core principles

The U.S. Department of Commerce recommends semiconductor manufacturers look for child care solutions that are affordable, accessible, reliable and high-quality to meet the needs of working families and expand employment opportunities.

Affordability. The price of child care is often a barrier for working parents in Nebraska. Providing reliable, developmentally appropriate child care is extremely costly. Unlike other industries that can be automated, child care programs are labor intensive and must maintain specific child-to-educator ratios to meet state licensing requirements. While the U.S. Department of Commerce does not require or expect firms to provide free child care, they encourage applicants to consider strategies that help defray the cost of care.

Accessibility. The vast majority (91%) of Nebraska counties do not have enough licensed child care slots to meet demand.⁸ Many programs across the state have long waitlists, often requiring parents to drive long distances to find child care. Accessibility means child care services are offered in convenient locations during hours that meet workers' needs.

Facilitating access to child care is a key step in ensuring semiconductor manufacturers and construction sites have the workforce they need to achieve the goals of the CHIPS Act.



Reliability. Even families with access to child care may still have to deal with disruptions, such as temporary closures due to illness or staffing challenges. While it is impossible to anticipate when disruptions may occur, manufacturers can minimize impact to their operations by offering back-up care or similar temporary arrangements.

Quality. Quality child care programs focus on offering safe, nurturing and stimulating early experiences through skilled professional staff. High-quality child care settings benefit young children's cognitive and social development and offer parents peace of mind so they can be fully engaged and present in the workplace. Step Up to Quality (SUTQ), a quality rating and improvement system, supports and incentivizes programs committed to providing quality care for Nebraska children. Applicants should look to SUTQ, Head Start and other resources for additional information about quality child care programs.

Licensed child care in Nebraska

Licensed child care programs must comply with state regulatory standards to ensure the safety and well-being of the children in their care. There are different types of programs to meet working parents' unique needs. These include:

- **Family child care homes:** Operate out of the provider's residence, offering a home-like setting.
- **Child care centers:** Provide services for larger groups of children age 0-5 in a facility outside a private home.
Preschools: Licensed preschools focus on early learning through play-based and formalized curricula for children age 3-4. They are typically operated by local school systems.
- **School age programs:** Before- and after-school care catering to school-age children.

The price of child care varies based on region and type of care. [The Nebraska Child Care Subsidy](#) offers limited tuition assistance for families that meet certain criteria, including income eligibility. Other local programs or nonprofits may offer limited tuition assistance as well.

How applicants can offer child care solutions

The U.S. Department of Commerce recommends applicants consider different approaches to best suit the needs of their workers and company resources.

On-site child care

What it is: On-site child care facilities are developed by the employer and operated by company employees or an outside contractor. These programs are typically restricted to employees, but may be opened to members of the community depending on capacity and enrollment.

Benefits: On-site child care, whether operated by an employer or contractor, enhances employee productivity and punctuality, while reducing absenteeism. It can simplify transportation and commuting challenges while offering reassurance to parents who know their children are nearby in a safe, nurturing environment.

Challenges: Developing on-site child care requires time to plan and usually involves significant financial commitment to develop facilities and program models that meet state regulatory requirements.

Off-site sponsorship of child care providers

What it is: Rather than an on-site program, employers may opt to sponsor existing child care providers already operating in their community. This may include financial or in-kind contributions to child care programs, or direct payments to reserve slots for employees.

Benefits: Employer sponsorship of existing programs can increase child care availability in the community. This may attract additional partners and stakeholders since the benefits are community-wide, rather than just for the employer.

Challenges: Manufacturers considering sponsorship should be prepared to research programs currently operating in their communities. There may not be enough child care programs for potential sponsorships, or those programs may not meet employee needs.

Financial child care assistance for employees

What it is: Employers may opt to offer financial assistance in the form of bonuses, vouchers or subsidies to help workers with their child care expenses.

Benefits: Financial assistance offers employees flexibility over which programs best meet their needs, location and affordability. It may be particularly valuable for employees with children already enrolled in quality programs.

Challenges: Financial assistance can help make child care more affordable, but it cannot increase program capacity where there is already a shortage of available child care spots.

Choosing the right child care model

Each of these models offers its own benefits and challenges, so First Five Nebraska urges applicants to conduct a needs assessment before deciding which model to pursue. This includes understanding the needs of the workforce, as well as the accessibility, affordability and quality of licensed programs.

How First Five Nebraska can help

First Five Nebraska on-staff consultants collaborate directly with employers to assess and determine the appropriate approach for developing a sustainable child care plan. We work statewide with public and private entities, community stakeholders and educational organizations to discover and plan right-sized child care solutions.

- 1 White House. (August 9, 2022). [Fact Sheet: CHIPS and Science Act will lower costs, create jobs, strengthen supply chains and counter China.](#)
- 2 Hammel, P. (January 19, 2023). ["Senator says bill luring semiconductor plant to Nebraska would have biggest impact 'since corn'."](#) Nebraska Examiner.
- 3 National Institute of Standards and Technology. (March 27, 2023). [Workforce development planning guide: Guidance for CHIPS incentive applicants](#), pg. 43.
- 4 Nebraska Department of Labor. (n.d.). Labor Market Information. [Neworks: Labor market analysis](#). Retrieved August 8, 2023.
- 5 U.S. Census Bureau. (2021). [B23008: Nebraska](#). ACS 5-year Estimates Detailed Tables.
- 6 Bipartisan Policy Center. (2020). [Child care in 35 states: What we know and what we don't know: Nebraska.](#)
- 7 U.S. Chamber of Commerce Foundation (April 27, 2022). [Data deep dive: A decline of women in the workforce.](#)
- 8 Voices for Children in Nebraska (2022). [Education 2022](#). Nebraska Department of Health and Human Services.

Connect with First Five Nebraska's employer services

Our team is ready to work directly with semiconductor manufacturers to provide expertise and support as they develop their child care plans. Contact [Mike Feeken](#) or learn more at [FirstFiveNebraska.org](#).



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