



For Immediate Release

Contact: Alexis Zgud, Media Relations Specialist, First Five Nebraska
azgud@firstfive-nebraska.org, 402-617-4510

June 11, 2024

New cost estimation tool examines cost of providing quality child care in Nebraska

LINCOLN, Neb. – The Nebraska Child Care Cost Model, a new tool developed in collaboration with First Five Nebraska and Prenatal to Five Fiscal Strategies (P5FS), shows users how the expense of delivering high-quality child care services relates to actual revenue earned by providers. The tool is a crucial step toward creating a sustainable infrastructure that supports the economic viability of early childhood programs while keeping costs in check for Nebraska families.

Available on First Five Nebraska’s website in English and Spanish (firstfive-nebraska.org/nebraska-child-care-cost-model), the cost model is intended to help policymakers, advocates and decision makers use data to shape policies that address challenges related to subsidy reimbursement, program quality and professional development of the early childhood workforce. Users can experiment with a variety of scenarios to explore how regulatory and economic conditions affect financial sustainability.

The Nebraska Child Care Cost Model was made possible through funding from Nebraska’s federal Preschool Development Grant in conjunction with the Shared Leadership and Financing Task Force, a public-private effort to create a fully aligned early childhood system. First Five Nebraska engaged P5FS to develop the cost model. Led by early childhood finance experts Jeanna Capito and Simon Workman, P5FS has developed child care cost estimation models for several states and communities.

“The market-based approach to setting tuition and subsidy reimbursement rates has further exacerbated Nebraska’s already struggling child care system. It has limited provider revenue while pricing some families out of child care altogether,” said Dr. Katie Bass, First Five Nebraska data and policy research advisor. “Identifying the true cost of delivering quality child care using the Nebraska Child Care Cost Model will help us understand and address an underfunded system.”

The tool offers many customizations related to cost-of-care questions. It includes options for child care centers (CCCs) and family child care homes (FCCHs) and allows users to enter inputs such as geographical location, salary/benefits, program size and revenue/income sources. The model then calculates how these inputs impact the results, such as personnel expenses and gaps between market price and the true cost of care. The cost model calculations are based on current data and regulations and will be frequently updated.

In October 2023, the Nebraska Legislature’s Health and Human Services Committee held a hearing on interim study LR151 to examine how the Nebraska Child Care Cost Model could be used to help determine the true costs of providing child care. During the study, introduced by State Senator Wendy DeBoer (District 10), policymakers heard from providers who supported using the cost model to set child care subsidy reimbursement rates.

“Our hope is that the cost model can provide lawmakers with a clearer picture on how we can work together toward an equitable and economically viable child care industry for all Nebraskans,” said Bass.

To learn more about the Nebraska Child Care Cost Model, visit firstfivebraska.org/nebraska-child-care-cost-model.

About First Five Nebraska: First Five Nebraska (FFN) is a nonpartisan public policy organization established in 2011 to strengthen the state’s early childhood system as a key driver of social, educational and economic opportunity for all Nebraskans. FFN works with local, state and federal government officials, business and economic leaders, early childhood professionals and other stakeholders to identify, research and promote well-informed, fiscally responsible policies and solutions addressing the care, education and healthy development of young children—at home with their parents, in child care settings or in school-based early childhood programs. For more information, visit www.FirstFiveNebraska.org.

About Prenatal to Five Fiscal Strategies: Prenatal to Five Fiscal Strategies is a national initiative founded by Jeanna Capito and Simon Workman to address the broken fiscal and governance structures within the prenatal-to-five system with a comprehensive, cross-agency, cross-service approach. The initiative is founded in a set of shared principles that centers on the needs of children, families, providers and the workforce. This approach fundamentally rethinks the current system to better tackle equity in funding and access. For more information about P5 Fiscal Strategies, visit: www.prenatal5fiscal.org

###