



Final Report

The Economic Impact of Inadequate Child Care on Working Families in Nebraska: Analysis for The Greater Omaha Chamber Region

Prepared for First Five Nebraska

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January 29, 2026

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Executive Summary

Child care services are a significant cost for Omaha-area families with young children. Even families that do not purchase child care services can bear a significant financial burden, since parents or other relatives may reduce or eliminate participation in the labor market to provide child care. More generally, limited access to child care can create a financial burden on families and businesses, as has been documented for Nebraska. This study supplements a recent study¹ on the economic impact of inadequate child care in Nebraska by providing an estimate of that economic impact in the Greater Omaha Area, defined as the region that includes the eight counties served by the Greater Omaha Chamber. Specifically, the study provides an estimate of the annual economic impact on the Greater Omaha Area.

Key findings include:

- The estimated annual economic impact of inadequate child care in the Greater Omaha Area, including both direct and multiplier impacts, is \$1.02 billion of business output. In other words, there is an annual loss of more than a billion dollars of sales each year for Omaha area businesses.
- There is lost labor income of \$919.2 million each year and 3,909 fewer regional jobs.
- These economic losses lead to a \$36.53 million loss in state income tax revenue. Most of the lost state income tax revenue would have been paid to the State of Nebraska.

¹ Thompson, Eric, Mitch Herian, Jen Goettemoeller Wendl, Tammie Fischer, Katie Bass and Sara Brady, 2025. *Unlocking Nebraska's Potential: Child Care as a Key to Nebraska's Economic Future*, First Five Nebraska and Nebraska Chamber Foundation

1. Introduction

Child care services are a significant cost for Omaha area families with young children. Even families that do not pay for child care services can bear a significant financial burden, since parents or other relatives may work fewer hours or leave the workforce entirely to provide child care. Like other large household expenses such as housing, food, or healthcare, the costs of child care are beyond the reach of some families and limit discretionary spending options for families who can afford to pay for child care services.

A lack of child care access also can create a burden for the larger economy. In 2025, researchers from the University of Nebraska-Lincoln Bureau of Business Research (UNL BBR) worked with First Five Nebraska (FFN) to examine the detrimental effects of a lack of child care services on the state economy.² The study showed that inadequate child care costs Nebraskans \$1.74 billion in business output, \$1.61 billion in labor income, 6,843 jobs and \$63.8 million in unrealized state income tax revenues each year. This follow-up study from the UNL BBR supplements the statewide Nebraska study by providing an estimate of the annual economic impact of inadequate child care in the Greater Omaha Area, defined as the eight-county region served by the Greater Omaha Chamber. This region includes Cass, Dodge, Douglas, Otoe, Sarpy and Washington counties in Nebraska and Mills and Pottawattamie counties in Iowa.

2. The Economic Impact of Inadequate Child Care in the Greater Omaha Area

This section provides an estimate of the impact that inadequate child care has on the Greater Omaha Area economy. Following the approach used in the 2025 Nebraska study *Unlocking Nebraska's Potential: Child Care as a Key to Nebraska's Economic Future*³ and a 2020 Nebraska study⁴, the research team estimates the annual economic impact of inadequate child care in the Greater Omaha Area based on key model factors including counts of married and single parents of children under age 5⁵ who work in the eight-county region of Greater Omaha, and the average earnings per job. This information is then combined with estimates in the literature on how inadequate child care contributes to the frequency of 1) absenteeism, 2) turnover, 3) changing from full-time to part-time employment, 4) choosing not to change from part-time to full-time employment, and 5) choosing to forgo a promotion opportunity. This yielded a regional estimate of lost parent income from work due to inadequate child care as well as lost business productivity.

The *American Community Survey (ACS)* of the U.S. Census Bureau provides an estimate of the number of households by type (married couple, single male householder, single female householder) with children

² See footnote 1.

³ See footnote 1.

⁴ Rosenbaum, David and Eric Thompson, 2000, *The Bottom Line: Economic Impacts of Inadequate Child care in Nebraska*

⁵ Child care literature frequently utilizes the number of children under age 6 as a baseline for measuring child care needs. The economic impact analysis presented here, however, utilizes the number of children under 5. This is consistent with the 2020 and 2025 statewide studies and provides a more conservative estimate of the economic impact of inadequate access to child care, since it is likely that some children age 5 will spend at least a portion of the year enrolled in school.

under age 6 for the 2019 to 2023 period.⁶ Counts of the number of households with children under age 6 were used to estimate the number of households with children under age 5 using interpolation. Counts of households with young children in the Greater Omaha Area are reported in Table 1. Three-quarters (76.1%) of households with children under age 5 are married couple households, while 17.6% have a single female householder and 6.4% a single male householder.

Household Type	Number of Households	Percent of Households
Married Couple	31,593	76.1%
Single Male	2,668	6.4%
Single Female	7,299	17.6%
Total	41,514	100.0%

Source: *American Community Survey (ACS) Table S1101, UNL BBR Calculations*
 Note: Counts of households for each household type and the total were estimated using the ACS-reported proportion of households with children at home in each county that had children under 6 years of age. Available proportions went to only 3 significant digits for each household type and the total, implying that counts by household type will not necessarily precisely sum to the total.

Household counts in Table 1 were used to estimate the number of employed parents in households with children under age 5, based in part on a national report⁷ on the employment rates of men and women in married couple households, and male and female householders, developed by the U.S. Bureau of Labor Statistics (BLS). National average rates were modified in the current study to create rates for the Greater Omaha Area utilizing data from two other tables provided by the *American Community Survey*.⁸

The resulting estimates are displayed in Table 2. There were an estimated 61,091 employed parents with young children in the Greater Omaha Area in 2024, with about 17% of those parents working part-time rather than full-time. Among these employed parents, 87.3% were in a married couple household with 8.8% in a household with a single female householder and 3.8% in a household with a single male householder.

Household Type	Full-Time	Part-Time	Total
Married Couple	44,103	9,255	53,357
Single Male	1,941	407	2,348
Single Female	4,451	934	5,385
Total	50,495	10,596	61,091

Sources: American Community Survey Table S2301 and S2302 and UNL BBR Calculations

⁶ U.S. Census Bureau. (2024). *2023 American Community Survey 5-year Estimates* [Subject Table S1101]. <https://data.census.gov/table?q=S1101>

⁷ U.S. Department of Labor. (2024). *Employment Characteristics of Families — 2024* [News release]. U.S. Bureau of Labor Statistics. <https://www.bls.gov/news.release/pdf/famee.pdf>

⁸ U.S. Census Bureau. (2025). *2024 American Community Survey 1-Year Estimates* [Subject Tables S2301 & S2302]. <https://data.census.gov/table?q=S2301+S2302&g=010XX00US>

The current study estimates costs for working parents with young children when inadequate child care leads to 1) absenteeism, 2) turnover, 3) changing from full-time to part-time employment, 4) choosing not to change from part-time to full-time employment, and 5) choosing to forgo a promotion opportunity. As in the recent statewide Nebraska study⁹, rates and magnitude for these five factors were developed based on labor market dislocations reported by parents in three studies conducted prior to the COVID-19 pandemic^{10, 11, 12} and two studies conducted after the Pandemic.^{13,14} The studies surveyed parents in the states of Maryland, Louisiana and Georgia or nationally about changes in their work situation due to concerns about child care. Such comprehensive survey data were not available for Nebraska. Four of the studies provided information about a broad set of employment disruptions while Montes and Halterman (2011) only provided information about absenteeism. Using data from the *Current Population Survey* of the U.S. Department of Labor, it was shown in the 2025 statewide Nebraska study¹⁵ that the share of parents not working due to childcare problems rose significantly during the Pandemic and in the first few years after the Pandemic. Shares moderated in 2024, but at levels above those found before 2020. As a result, it was concluded that a combination of survey data from before and after the Pandemic would best provide estimates representative of conditions in 2024.

Table 3 displays estimates of the share of working parents who have had work disrupted by absenteeism or turnover due to concerns about childcare. Parent concerns about child care may include lack of available child care, inaccessibility of child care due to cost or ability to locate child care that is safe and reliable. The five studies examined do not differentiate parent concerns, however any of the concerns described above indicate that working parents have concluded that the child care system is not adequate for their needs. The impact on workers in Table 3 also reflect worker choices about how much to engage in the workforce, specifically when workers choose to move into or stay in part-time employment in response to concerns with child care, or choose to turn down a promotion for the same reason. Finally, note that the impact on workers in Table 3 does not include the lost earnings of parents who choose to permanently withdraw from working until their children reach age 5 due to concerns about child care access. Table 3

Table 3 also shows estimates of how inadequate child care impacts business. The impact on businesses reflects the phenomena of absenteeism and turnover. Employers are aware that they will face absenteeism and turnover but do not know when either will occur. As a result, employers may need to

⁹ See footnote 1.

¹⁰ Davis, B., Bustamante, A., Bronfin, M., & Rahim, M. C. (2017). *Losing Ground: How Child Care Impacts Louisiana's Workforce Productivity and the State Economy*. Louisiana Policy Institute for Children. http://www.brylskicompany.com/uploads/1/7/4/0/17400267/losing_ground-1.pdf

¹¹ Montes, G., & Halterman, J. S. (2011). The impact of child care problems on employment: Findings from a national survey of U.S. parents. *Academic Pediatrics*, 11(1): 80-87. <https://doi.org/10.1016/j.acap.2010.11.005>

¹² Talbert, E. M., Bustamante, A., Thompson, L. J., & Williams, M. E. (2018). *Counting our Losses: The Hidden Cost to Marylanders of an inadequate Child Care System*. Maryland Family Network. <https://www.marylandfamilynetwork.org/early-years-matter/counting-our-losses>

¹³ Bishop, S. (2023). *\$122 Billion: The Growing, Annual Cost of the Infant-Toddler Child Care Crisis*. ReadyNation Council for a Strong America. <https://www.strongnation.org/articles/2038-122-billion-the-growing-annual-cost-of-the-infant-toddler-child-care-crisis>

¹⁴ Goldberg, H. & Parrish, J. (2025). *For Lack of Care: The Economic Impact of Child Care Challenges*. Georgia Early Education Alliance for Ready Students. <https://geears.org/wp-content/uploads/Opps-Lost-3.0.pdf>

¹⁵ See footnote 1.

pay overtime or hire temporary workers (both at a higher cost) in response to absenteeism and some tasks may go uncompleted. Both factors reduce the productivity of businesses. Turnover also reduces productivity given that some tasks go uncompleted before the worker is replaced and employee time and other resources are utilized in hiring and training new workers.

Note that the impact on businesses in Table 3 does not include costs to business when employees choose to engage less in employment while their children are young, such as when workers choose to work part-time or forego a promotion. Once employers know the choices of their workers who are parents of young children, businesses have potential to introduce labor-saving capital (e.g., machinery, new software) in production when facing reduced worker hours. As a result, it is unknown how much business output will fall when parents choose to engage less in employment.

Table 3. Impacts on Workers and Businesses Due to Child Care Concerns	
Type of Impact	Current Study Impact
Impacts on Workers	
Percent of Individuals with Child Care Related Absenteeism	41.2%
Annual Days of Absenteeism	13.6 Days
Percent of Individuals Each Year Due to Child Care Related Turnover	10.4%
Length of Unemployment Due to Turnover	36 weeks
Unable to go From Part-Time to Full-Time (Single Parent)	13.5%
Unable to go From Part-Time to Full-Time (Married Parent)	12.5%
Went from Full-Time to Part-Time (Single Parent)	22.1%
Went from Full-Time to Part-Time (Married Parent)	20.5%
Turned Down a Promotion (Single Parent)	18.0%
Turned Down a Promotion (Married Parent)	16.2%
Impacts on Businesses	
Cost of Absenteeism for Wage Workers	50% of Lost Wages
Cost of Absenteeism for Salary Workers	278% of Lost Wages and Benefits
Turnover Costs Per Worker	20.7% of Annual Income
Source: Nebraska Chamber Foundation (2025), Unlocking Nebraska’s Potential: Child Care as a Key to Nebraska’s Economic Future	

Table 4 modifies 2024 average earnings values from the 2025 Nebraska statewide report¹⁶ to reflect the average annual earnings of full-time and part-time workers in the Greater Omaha Area. Values were modified using the ratio of the mean annual earnings of full-time workers in the Greater Omaha Area to mean annual earnings in Nebraska reported in Subject Table S2001 of the ACS for 2024 (1-Year Estimates). The ratio was approximately 1.07 (7 percent higher earnings in the Greater Omaha Area).

¹⁶ See footnote 1.

	Married	Single Male	Single-Female
Average Earnings Full-Time	\$77,578	\$39,684	\$31,205
Average Earnings Part-Time	\$33,294	\$20,111	\$20,111

Source: Unlocking Nebraska’s Potential: Child Care as a Key to Nebraska’s Economic *Future*, modified for the Greater Omaha Area using Subject Table S2001 (Earnings in the Past 12 Months) of the American Community Survey.

To estimate the lost annual income of Nebraska parents due to inadequate child care, estimates of full- and part-time workers in the Greater Omaha Area by household type from Table 2 were multiplied by impact rates from Table 3 and the estimated average annual earnings of Greater Omaha Area workers in 2024 from Table 4. Lost income comes from: 1) absenteeism¹⁷, 2) turnover, 3) remaining part-time when offered a full-time opportunity, 4) switching from full-time to part-time¹⁸, and 5) forgoing a promotion.¹⁹ The results are summarized in Table 5 below. The total lost annual earnings in the Greater Omaha Area in 2024 are an estimated \$670.5 million. The largest losses were due to employee turnover and workers switching from full-time to part-time employment.

Household Type	Married	Single Male	Single-Female	Total
Absenteeism	\$41.5	\$0.9	\$1.7	\$44.1
Turnover	\$269.2	\$6.2	\$11.4	\$286.7
Remaining Part-Time	\$51.2	\$1.1	\$1.4	\$53.7
Full- to Part-Time	\$216.2	\$4.5	\$5.9	\$226.6
Forgoing a Promotion	\$55.4	\$1.4	\$2.5	\$59.3
Total	\$633.5	\$14.1	\$22.9	\$670.5

Source: UNL BBR Calculations

Employee turnover and absenteeism also can be very expensive for employers. Table 6 shows the estimate of lost productivity due to such factors, utilizing impact on business factors listed in Table 3. Specifically, estimates of full- and part-time Nebraska workers by household type from Table 2 were multiplied by impacts on businesses from Table 3 and the estimated average annual earnings of Nebraska workers in 2024 from Table 4 to yield estimates in Table 6 of the lost annual output of Greater

¹⁷ Only workers paid hourly are modeled to lose wages due to absenteeism. All part-time workers were assumed to be paid hourly. Fifty-four percent of full-time workers are paid hourly wages according to Mellor, E. F., & Haugen, S. E. (1986, February). Hourly paid workers: Who they are and what they earn. *Monthly Labor Review*, 109(2), 20–26. <https://stats.bls.gov/opub/mlr/1986/02/art3full.pdf>

¹⁸ It is assumed that hourly wage workers may switch to part-time but not salary workers.

¹⁹ It was assumed that only full-time workers may be offered a promotion. It was assumed that a promotion would yield a 10% raise.

Omaha Area business. The estimated lost annual output for Greater Omaha Area business due to absenteeism and turnover was \$269.9 million.

Table 6. Estimated Annual Costs to Greater Omaha Area Businesses Due to Inadequate Child Care (in millions)				
Household Type	Married	Single Male	Single-Female	Total
Absenteeism - Replacement Costs for Hourly Workers	\$20.7	\$0.5	\$0.9	\$22.1
Absenteeism – Productivity Loss for Salary Workers	\$137.0	\$3.1	\$5.6	\$145.6
Turnover	\$96.0	\$2.2	\$4.0	\$102.2
Total	\$253.7	\$5.7	\$10.5	\$269.9
Source: UNL BBR Calculations				

The lost wages for workers described in Table 5 and the lost output for businesses presented in Table 6 are part of the direct economic impact of inadequate child care on the Greater Omaha Area economy and are presented in Table 7. Table 7 also includes the impact on value-added. Value-added is the difference between output (the total value of production) and the value of intermediate goods and services purchased as inputs to production.²⁰ For example, the value-added of an auto assembly factory is the difference between the value of finished automobiles and the value of the auto parts that were purchased from suppliers and used in assembly. Given that value-added equals output minus the value of intermediate goods purchased, when output declines due to a drop in productivity, value added declines as well. While they are distinct measures, the direct impact on value-added in Table 7 is the same as the direct impact on output.²¹

Note also that the direct economic impact on employment is set to zero. As was stated earlier, while the study captures that parents work and earn less due to concerns about child care, it does not capture how many parents of young children may permanently exit the workforce until their youngest child reaches age 5. Because the number of parents permanently exiting the workforce due to child care is unknown, the value is set to zero.

Table 7 also includes a multiplier impact. A multiplier impact must be estimated because the economic consequences of lost parent income ripple further within the metropolitan area economy. Lost parent income due to inadequate child care implies less household spending. Specifically, impacted households spend less throughout the economy on rent or mortgage, food, vehicles, retail shopping, health care, entertainment and all the other components of household spending. This additional lost economic activity is the “multiplier” impact of inadequate child care on the Greater Omaha Area economy.

²⁰ See IMPLAN documentation for further explanation: <https://support.implan.com/hc/en-us/articles/360035998833-Understanding-Output>

²¹ Business productivity declines due to inadequate child care, meaning that businesses produce less output with the intermediate goods they purchase. Since the value of intermediate goods is not expected to change, the decline in value-added due to falling productivity is the same as the decline in output.

The size of this multiplier impact in the Greater Omaha Area is estimated utilizing the IMPLAN model, a commercial software package used in economic impact analysis.²² The IMPLAN model shows the relationship between lost household income, and lost output, value-added, labor income and employment in hundreds of individual industries in a state, county or combination of counties. As a result, multiplier impacts for the Greater Omaha Area are calculated in terms of output, value-added, employment, and labor income in Table 7. The size of the multiplier impact varies with the unique industry structure of a particular metropolitan area. The multiplier impact also varies based on household income, with moderate income households spending a larger share of their income (rather than saving it) and spending it closer to home, on average.

Estimated multiplier impacts are presented for output, value-added, labor income (wages, salaries and benefits), and employment. While direct impacts are primarily seen in lost wages, multiplier impacts are largest for business output and value-added.²³ Table 7 also shows the total economic impact, which is the sum of the direct impact and the multiplier impact. The total annual economic impact is \$1.02 billion in business output. In other words, there is an annual loss of more than a billion dollars of sales each year for Omaha area businesses. There is a lost labor income impact (direct and multiplier) of \$919.2 million and a lost employment impact of 3,909 jobs. There also is a loss of \$738.3 million in value-added. The \$919.2 million of lost labor income also leads to an annual loss of state income tax revenue. The lost annual state income tax revenue is estimated to be \$36.53 million.²⁴

Type of Impact	Output	Value-Added	Labor Income	Employment
Direct	\$269.9 million	\$269.9 million	\$670.5 million	0
Multiplier	\$745.6 million	\$468.5 million	\$248.7 million	3,909
Total	\$1,015.4 million	\$738.3 million	\$919.2 million	3,909
Source: UNL BBR Calculations				

²² IMPLAN Group, LLC. (2025). IMPLAN [Application]. Huntersville, NC. <https://implan.com/>

²³ For the multiplier impact, losses in output and value-added (and labor income and employment) are due to lower household income and spending rather than lost productivity. Therefore, the loss in value-added in the multiplier impact will not be the same as the loss of output. The loss of output will be larger since it results from the reduction in value added plus the reduction in intermediate goods purchased.

²⁴ Lost income tax revenue was estimated by multiplying 91% of the lost labor income impact by state tax income tax rates present in Nebraska and 9% of lost labor income by income tax rates present in Iowa. While it is not possible within the regional IMPLAN model to precisely estimate the share of lost income that occurs for Nebraska versus Iowa households, the 91% and 9% approximation is used since according to *American Community Survey* data, ninety-one percent of households with children under age 6 within the Greater Omaha Area live in Nebraska.

3: About the Authors

The Bureau of Business Research

The 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 including: 1) economic and fiscal impact analysis; 2) models of the structure and comparative advantage of the current economy; 3) economic, fiscal, and demographic outlooks, and 4) assessments of how economic policy affects industry, labor markets, infrastructure, and the standard of living. The Bureau 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 through scholarly publication and the education of students.

Key Personnel

Dr. Eric Thompson

Dr. Eric Thompson is the principal investigator on this project. Dr. Thompson is the Director of the Bureau of Business Research and a Professor of Economics at the University of Nebraska-Lincoln. Dr. Thompson has conducted a broad group of economic impact studies including impact studies of Nebraska agriculture, Sandhill Cranes migration, the Nebraska child care industry, the Omaha Zoo, the Nebraska horseracing industry, Husker Harvest Days, and the UNL Athletic Department. Dr. Thompson also works on demographic projections, and analyses of economic development programs for Nebraska and cities in Nebraska. He also has conducted numerous economic impact studies for the Lincoln Department of Economic Development, the Omaha Chamber of Commerce, the Nebraska Department of Economic Development, various Nebraska industries, and Nebraska tourism attractions. Dr. Thompson's research has received support from the United States Department of Labor, the Robert Wood Johnson Foundation, the Center for Economic Analysis, the Nebraska Health and Human Services System, as well as Lincoln, Omaha, and Nebraska organizations and agencies. In his previous employment, Dr. Thompson served as the Director of the Center for Business and Economic Research and a Research Associate Professor of Economics at the University of Kentucky. Dr. Thompson received his Ph.D. in agricultural economics from the University of Wisconsin-Madison in 1992. His research fields include regional economics, economic forecasting, and state and local economic development. His research has been published in *Regional Science and Urban Economics*, *Journal of Regional Science*, *American Journal of Agricultural Economics*, and *Journal of Cultural Economics*.

Dr. Mitchel Herian

Dr. Mitchel Herian serves as Project Directors at the Bureau of Business Research. Dr. Herian also serves as a faculty fellow at the University of Nebraska Public Policy Center, and an adjunct professor in the Political Science department at UNL. Dr. Herian has conducted applied research for agencies such as the U.S. Army, the National Aeronautics and Space Administration (NASA), the Nebraska Supreme Court, the Nebraska Department of Education, and the Kansas Department of Corrections. His research has received support from agencies including the National Science Foundation and the National Institute of Justice. Dr. Herian's research has been published in a variety of peer reviewed journals including the *Journal of Public Administration Research and Theory*, *American Review of Public Administration*, *Policy Studies Journal*, *State and Local Government Review*, and *Ecology & Society*.