



Growing with Care

Child Care and Economic Opportunity in Lancaster County

October 2026



A Message from our Community Partners

Child care is not a family issue alone; it is core economic infrastructure. In Lancaster County, 75% of children under age 6 have every parent in the workforce, which means the strength of our local economy depends directly on families having access to high-quality child care they can find, afford, and trust.

That is why our four organizations, the City of Lincoln, Lancaster County, the Lincoln Chamber of Commerce and Lincoln Littles, have come together to sponsor this report by First Five Nebraska to estimate the economic impact of child care in Lincoln and Lancaster County while evaluating the current child care system in terms of access, affordability and quality. This research brings together data on supply, demand, cost, workforce trends and the lived experience of local families to give our community a clear, shared picture of where our child care system stands today, and where the gaps remain.

We are proud to support this work because we believe good policy starts with good information. The findings in this report will help guide investments, partnerships and decisions across our City, our County and our business community for years to come. We are grateful to First Five Nebraska, the Bureau of Business Research at the University of Nebraska–Lincoln, Kidsights Data, the Child Care Trust, the Nebraska Department of Labor and the many families and providers who contributed their time and expertise to make this report possible.

We invite you to read this report, share it widely and join us in building a community where every family can find the high-quality child care they need to work, and every child can start life ready to thrive.

With appreciation,



Leirion Gaylor Baird
Mayor, City of Lincoln



Christa Yoakum
Commissioner,
Lancaster County



Jason Ball
President, Lincoln
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Executive Summary

Reliable child care is essential to working families and the broader economy. In Lancaster County, Nebraska, where three out of four children under age 6 have all parents in the labor force, the availability of child care directly affects parents' ability to work, businesses' ability to thrive and the local economy's ability to grow. Child care providers, moreover, form the workforce that makes this economic activity possible.

For this system to support working parents and the businesses that depend on them, families need adequate **access** to child care that they can **afford** and trust to provide a high-**quality** environment where children can safely learn and grow. Yet the child care system too often falls short in one or more of these areas, leaving working parents without care that meets their needs.

This report estimates the economic impact of inadequate child care in Lancaster County and evaluates the region's child care system through the interconnected lenses of access, affordability and quality. Together, these analyses show where the system meets the needs of working parents—and where gaps remain.

- The estimated annual impact of inadequate child care in Lancaster County, including both direct and multiplier effects, is \$288.8 million in business output and \$264.2 million in lost labor income. This leads to a reduction in 1,115 jobs in Lancaster County and \$10.44 million estimated loss in income tax revenue for Nebraska.
- The child care gap in Lancaster County is 736, or 4.5%. This means there are 736 fewer child care slots within a reasonable driving distance than there are children who potentially need care.
- The number of child care programs serving young children in Lancaster County has decreased significantly from 442 in 2019 to 329 in 2026 (-25.6%), but the total licensed capacity of these programs has changed very little during the same time frame, from 15,226 in 2019 to 15,331 in 2026 (+0.7%). This reflects a shift in the child care market, there are fewer family child care homes (-35.2%) operating in the county than there were in 2019. And while there are marginally fewer child care centers (-3.7%), those programs are licensed to serve more children.
- The majority of parents in the region report their child receives at least 10 hours of nonparental care each week (63.4%). On average, parents are paying \$296 each week for child care for one child. For parents with more than one child in care, the weekly price is \$533. This equates to annual costs of \$15,392 and \$27,716, respectively.
- Parents earning less than \$100,000 per year were more than three times as likely to say that finding child care was very difficult compared to those who earned more (14.3% and 4.3%, respectively). Regardless of income, nearly a third (32.5%) of parents who need child care reported at least some difficulty finding it, with cost being the most frequently cited reason.
- Families earning less than \$100,000 per year were less likely to utilize nonparental care (45.1% compared to 75.9% for families earning more). For those that were using nonparental care, families earning less were more likely to quit or change jobs due to child care (16.5%, compared to 9.9% for families earning more).
- The annual turnover rate for the child care workforce in Lancaster County is 39.5%, and just 32% of the current workforce has been in the industry for at least six years.

The data in this report is intended to spark a solution-driven conversation about child care challenges in Lancaster County. Building a supply of child care that meets the region's demand will require solutions that address access, affordability and quality as mutually reinforcing pillars of a strong child care system.

Introduction

Lincoln, Nebraska's capital, sits in Lancaster County, where leaders in government, business and nonprofits work across city and county lines to address the region's most pressing needs—child care chief among them. Because reliable child care is essential to a strong workforce and economy, Lincoln Littles, the Lincoln Chamber of Commerce Foundation and the Joint Budget Committee for the City of Lincoln and Lancaster County commissioned a study on the state of child care in the region and the economic cost of inadequate access.

The report was led by First Five Nebraska (FFN), with analysis from early care and education and economics experts at Kidsights Data at the University of Nebraska Medical Center, the Child Care Trust, the Bureau of Business Research (BBR) at the University of Nebraska– Lincoln and the Nebraska Department of Labor (NDOL). It examines how the state of child care in the region affects the regional economy, evaluated across three core elements: access, affordability and quality.

Access, Affordability and Quality

There are three essentials to a functioning child care system: access, affordability and quality. Access requires enough child care slots to meet the needs of working parents, and that families have sufficient options to choose the setting that best fits their circumstances.^{1,2} Available options must also be affordable, so that the families who need child care have the financial resources to enroll their children.^{3,4} Quality, the third element, matters just as much. Child care that is accessible and affordable still has to be safe and reliable: Parents need to trust their children are well cared for so they can focus at work, and children need strong early education to benefit in the long run.^{5,6} None of these elements stands alone. Access without affordability locks families out; affordability without quality shortchanges children; quality without access helps only the few who can find it. Effective policy must advance all three together—strengthen one while ignoring the others, and the whole system falls short.

Yet when asked to report on their experiences with child care, working parents routinely point to a system that does not adequately meet their needs. Currently, no comprehensive study of labor force dislocations has been conducted in Nebraska. However, following the methodology utilized in previous research,⁷ Table 1 averages parents' self-reported work impacts due to child care concerns across five different studies using national data and data from other states.^{8, 9, 10, 11, 12, 13}

Table 1. Estimated Impacts on Parent–Workers Due to Child Care Concerns

Impact	Average Rate
Percent of individuals with child care-related absenteeism	41.2%
Annual days of absenteeism	13.6 days
Percent of annual employee turnover related to child care	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%

Source: Nebraska Chamber Foundation. (2025). *Unlocking Nebraska's Potential: Child Care as a Key to Nebraska's Economic Future*.

Concerns about child care routinely encourage some parents to reduce or interrupt their participation in the labor market. This report explores what these interruptions mean for working parents and for the businesses that rely on them, and how these effects ripple through the broader economy in Lancaster County, Nebraska. To understand what drives these workforce interruptions, the report analyzes data on child care access, affordability and quality; data that also points toward a starting place for solutions and policies to build a stronger child care system.

Economic Impact of Inadequate Child Care

The recent report *Unlocking Nebraska's Potential: Child Care as a Key to Nebraska's Economic Future*¹⁴ estimated 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. To estimate the local impact to Lancaster County, BBR replicated the methodology based on key model factors including counts of employed married and single parents of children under age 5¹⁵ and the average earnings per job. This information is, then, combined with the estimates of labor force participation disruption shown in Table 1 to yield a regional estimate of lost parent income as well as lost business productivity (see [Appendix A](#)).¹⁶

Utilizing the U.S. Census Bureau's American Communities Survey 5-year estimate,¹⁷ BBR calculated the number of married-couple, single-male and single-female households with children under age 5 then applied labor participation rates to determine the total number of working parents with young children (Table 2).

Table 2. Estimated Number of Employed Parents with Children Under Age 5 by Household Type in Lancaster County

Household Type	Full Time	Part Time	Total
Married Couple	13,733	2,882	16,615
Single Male	833	175	1,008
Single Female	1,475	310	1,785
Total	16,042	3,366	19,408

Source: UNL BBR Calculations based of U.S. Census Bureau ACS Tables S2301 and S2302.

Note: Counts by household type or full-time status may not sum precisely to the total due to rounding.

In order to estimate the lost annual income of parents with young children in Lancaster County due to inadequate child care, the estimates of workers (Table 2) were multiplied by the impact rates (Table 1) and the estimated average annual earnings of workers in the region.¹⁸ Table 3 summarizes the direct financial impact of 1) absenteeism, 2) turnover, 3) changing from full-time to part-time employment, 4) choosing not to change from part to full-time employment and 5) choosing to forgo a promotion on Lancaster-area parents, a combined direct loss of \$199.3 million.

Table 3. Estimated Lost Annual Income of Lancaster County Parents Due to Inadequate Child Care
(in millions)

	Married	Single Male	Single Female	Total
Absenteeism	\$12.2	\$0.4	\$0.5	\$13.1
Turnover	\$79.2	\$2.7	\$3.5	\$85.3
Remaining Part Time	\$15.1	\$0.4	\$0.4	\$15.9
Full to Part Time	\$63.6	\$1.8	\$1.8	\$67.3
Forgoing a Promotion	\$16.3	\$0.6	\$0.8	\$17.7
Total	\$186.5	\$5.7	\$7.1	\$199.3

Source: UNL BBR Calculations.

Note: Lost annual income by types of loss or household type may not sum precisely to the total due to rounding.

In addition to impacting parent income, absenteeism and turnover can be very expensive for employers. Table 4 shows the estimated direct losses to business output when parents impacted by child care concerns are absent or turnover. The estimated lost annual output for Lancaster County businesses due to absenteeism and turnover is \$80.3 million.

Table 4. Estimated Annual Costs to Lancaster County Businesses Due to Inadequate Child Care
(in millions)

	Married	Single Male	Single Female	Total
Absenteeism – Replacement Costs for Hourly Workers	\$6.1	\$0.2	\$0.3	\$6.6
Absenteeism – Productivity Loss for Salary Workers	\$40.3	\$1.3	\$1.7	\$43.3
Turnover	\$28.2	\$0.9	\$1.3	\$30.4
Total	\$74.7	\$2.3	\$3.3	\$80.3

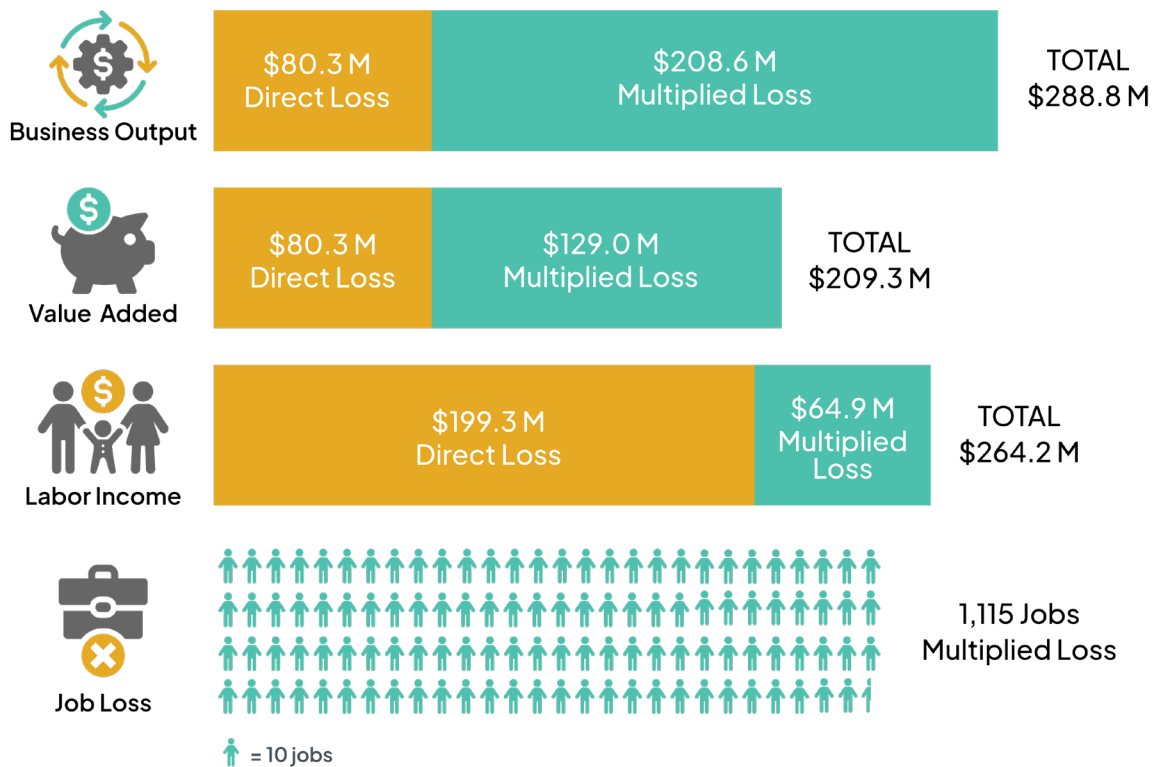
Source: UNL BBR Calculations.

Note: Annual cost by type of cost or household type may not sum precisely to the total due to rounding.

The direct economic impact of inadequate child care on the Lancaster County economy includes the lost wages for affected parent employees (Table 3), lost business output (Table 4) and reduced value added, estimated at \$80.3 million in direct losses. Value added is the difference between what a business pays for materials (inputs) and what they sell the final product (output) for, in other words, the value they create through the production process.¹⁹ These direct losses also create a multiplier impact, which represents the ways that lost parental wages create a ripple effect through the economy. When inadequate child care causes parents to lose income, the effects extend beyond their households. Reduced spending lowers revenue for local businesses, which can in turn reduce their own purchases and hiring practices.

Multiplier impacts in Lancaster County are estimated using the IMPLAN model, a commercial software package utilized in economic impact analysis.²⁰ The model estimates multiplier impacts of \$208.6 million in business output, \$129.0 million in value added, and \$64.9 million in labor income and 1,115 fewer jobs in Lancaster County. As Figure 1 shows, lost labor income accounts for the largest direct impact, while business output and value added account for the largest multiplier impacts. Combined, the direct and multiplier effects total \$264.2 million in lost labor income, \$288.8 million in lost business output, and \$209.3 million in lost value added. These losses lead to an estimated \$10.44 million less in state income tax revenue.

Figure 1. Estimated Annual Economic Impact of Inadequate Child Care in Lancaster County



Source: UNL BBR Calculations.

Note: Direct and indirect values may not sum precisely to the total due to rounding.

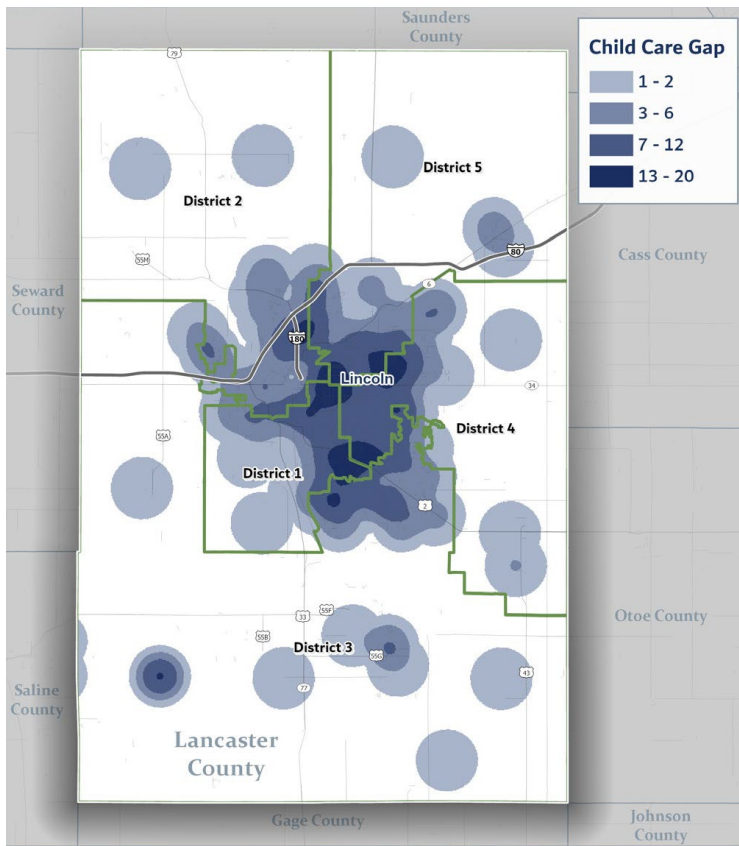
The economic impact of inadequate child care in Lancaster County is substantial. The estimates rely on parents' self-reported child care concerns but do not distinguish whether those concerns involve access, affordability, quality or a combination of these factors. The following sections examine Lancaster County's child care system and the role each factor may play in shaping regional outcomes.

Supply and Demand for Child Care: The Child Care Gap

Demand for child care in Lancaster County exceeds the available licensed supply. Of the county's more than 22,000 children under age 6, three in four live in households where all parents are in the workforce.²¹ This means more than 16,000 children potentially need care. Yet Bagley and Smith (2026) of the Child Care Trust (see [Appendix B](#)) identified fewer than 15,500 licensed slots in county programs serving this age group.

To estimate the child care gap, Bagley and Smith compared potential demand—the number of children under age 6 with all available parents in the workforce—with the supply of licensed care. After accounting for accessibility based on drive time, they estimated a 4.5% gap: 736 fewer child care slots within a reasonable driving distance than children who may need care.²²

Figure 2. Child Care Gap in Lancaster County



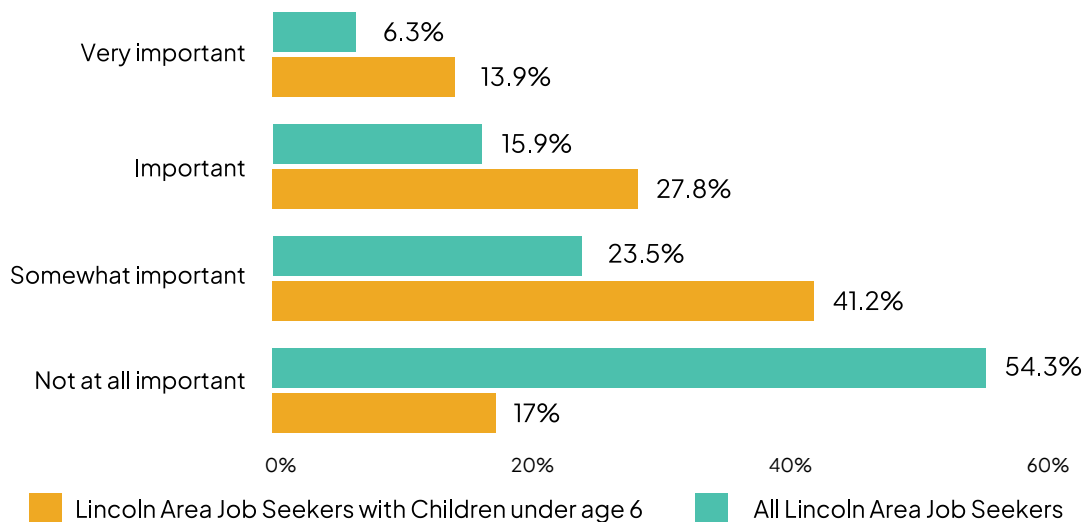
Source: The Child Care Trust (2026).

Figure 2 maps where these gaps are concentrated across Lancaster County; darker shading indicates larger gaps. The largest clusters appear in Lincoln, particularly near the city center, in the northeast portion of the city and in south Lincoln.

Parents of young children experience this gap firsthand. In their most recent survey, Kidsights Data (see [Appendix C](#)) found that nearly a third (32.5%) of parents with young children seeking child care in Lancaster County reported they had difficulty finding it, and the difficulty was more pronounced for families earning less than \$100,000 per year.

NDOL's Labor Availability Study (LAS; see [Appendix D](#)), asks job seekers which factors matter when considering new employment. Data gathered from job seekers in the Lincoln area in 2022 found that 22% identify child care as important or very important—a concern driven largely by parents of young children, nearly 42% of whom report the same (see Figure 3).

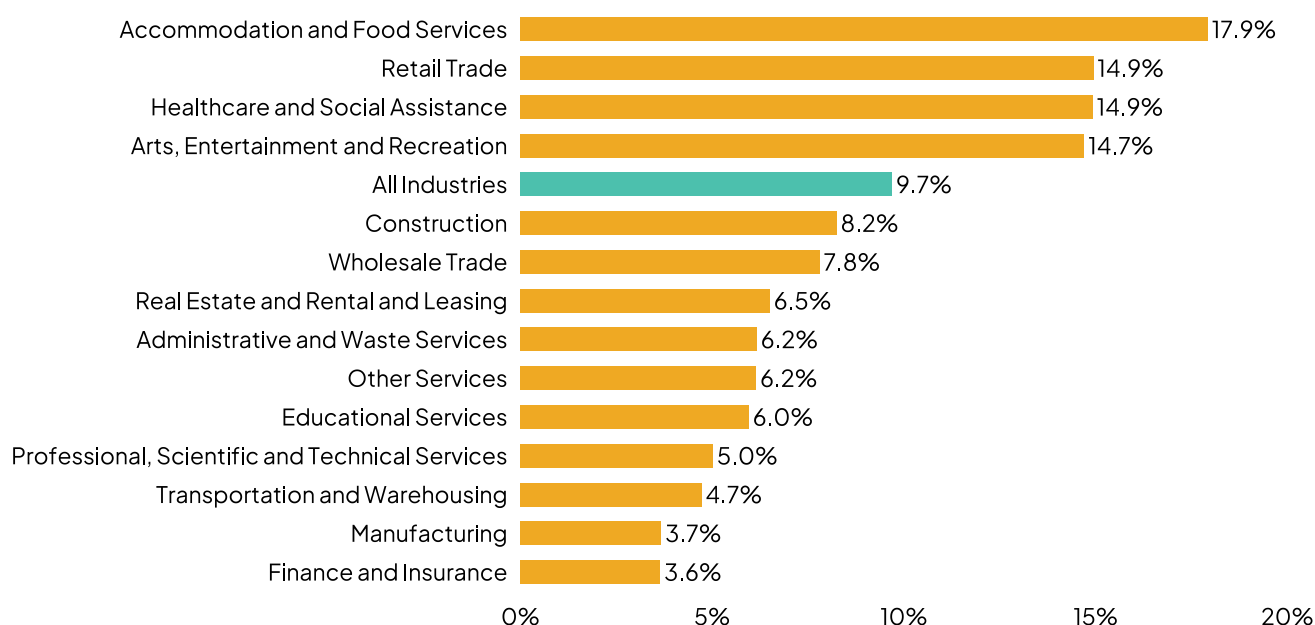
Figure 3. Child Care as a Factor When Considering New Employment for Lincoln–Area Job Seekers



Source: Nebraska Department of Labor, Labor Availability Study, requested data received September 3, 2026.

Businesses rely on parents of young children to meet their workforce needs. In the Lincoln area, 9.7% of businesses report difficulties hiring due to applicants' lack of child care. As shown in Figure 4, the effects are especially pronounced in accommodation and food services, retail trade, healthcare and social assistance, and arts, entertainment and recreation. Employers in the Lincoln area, however, report lower rates of child care related hiring difficulty than the state overall. Statewide, 17.6% of employers report difficulties hiring applicants due to lack of child care.²³

Figure 4. Difficulty Hiring Workers Due to Lack of Child Care by Industry in the Lincoln Area



Source: Nebraska Department of Labor, Labor Availability Study, requested data received September 3, 2026.

Kidsights Data parent surveys and NDOL's LAS show that the access gap has consequences for both families and employers. The gap estimate combines where young children with working parents live, where child care programs are located and how many children those programs can serve at maximum licensed capacity. Together, these findings indicate that Lancaster County does not have enough child care slots to meet potential demand. Understanding access, however, requires looking beyond the aggregate number of slots to the full range of settings available to families. The next section examines Lincoln's mixed-delivery system and how that system has changed since 2019.

Access

Child Care Access in a Mixed-Delivery System

Child care is the single largest component of the early care and education mixed-delivery system.²⁴ There are several different types of programs and providers that care for and educate young children in Lancaster County, including licensed child care centers, preschools and family child care homes, which are, for the most part, private businesses. Preschools in public and private schools in the area provide early education and care, typically through part-day, school-year programming for children ages 3 to 5. Federally funded Head Start and Early Head Start programs in Lancaster County provide care and early learning programming alongside health, nutrition and family supports to young children and their families (see Head Start on [page 15](#)). These programs

represent the formal, or regulated, market for early care and education. Kidsights Data found that, for parents who need child care in Lancaster County, the majority (77.6%) utilize the formal market, with the largest share (71.9%) enrolling in licensed child care programs, followed by public preschools (4.0%) and Head Start/Early Head Start (1.7%).

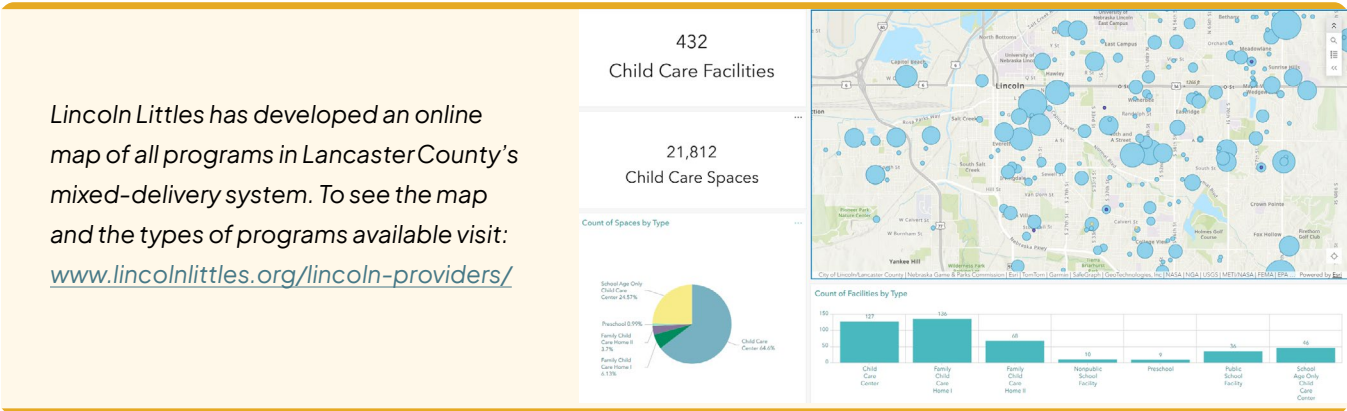
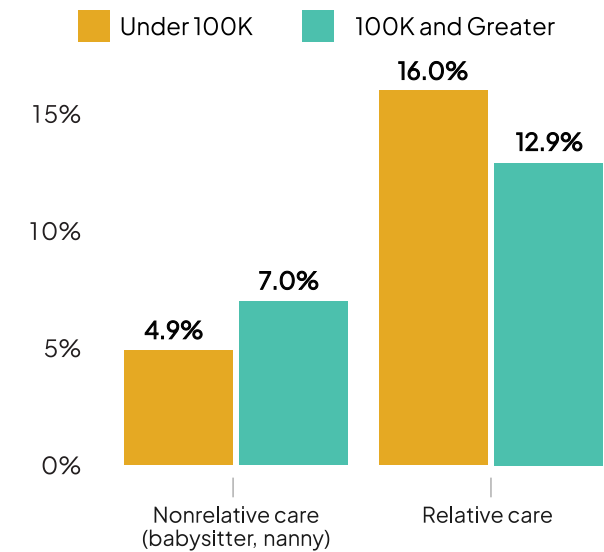


Figure 5. Percentage of Parents Who Use Relative and Nonrelative Child Care by Income



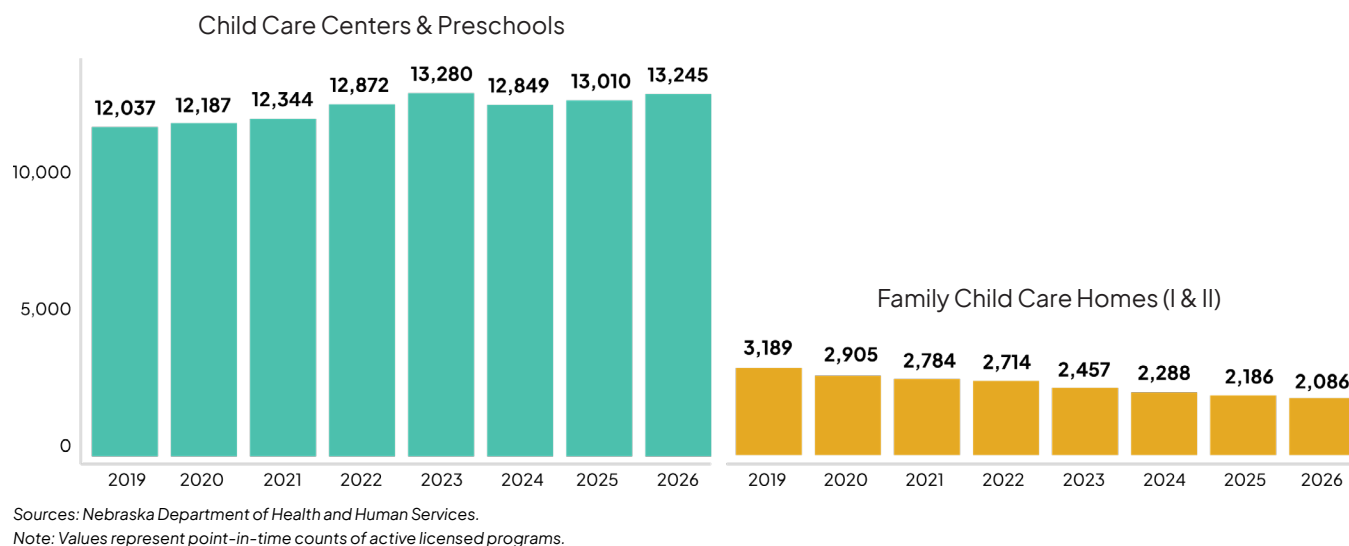
Source: Kidsights Data, University of Nebraska Medical Center, College of Public Health, requested data received June 18, 2026.

Families also utilize informal care options, like family, friends and neighbors. This is often based on preference but could be a result of limited access to formal care options. Kidsights Data survey of parents in Lancaster County indicates that about 14.0% of families with young children utilize relatives as their primary form of child care and an additional 6.4% utilize nonrelative care like a babysitter or nanny. As shown in Figure 5, families who earn less than \$100,000 per year are more likely to use relative care than families earning more than \$100,000 (16.0% to 12.9%), but the pattern reverses for informal nonrelative care (7.0% for families earning more than \$100,000, 4.9% for families earning less than \$100,000).

Licensed Child Care: Trends in Programs and Capacity Over Time

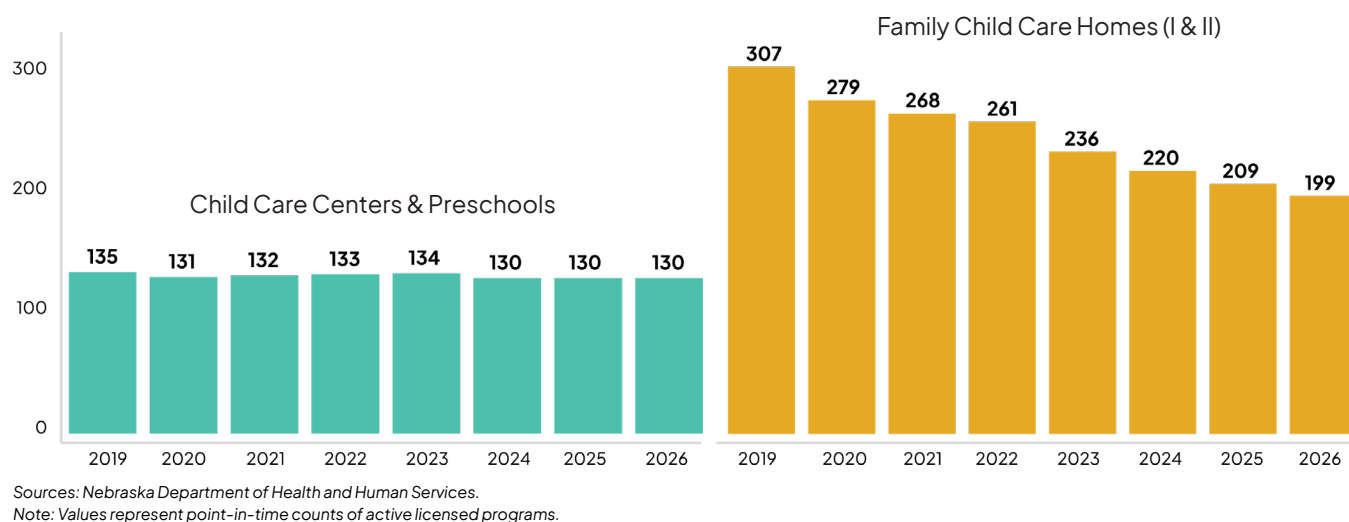
The licensed capacity of child care programs in Lancaster County has remained relatively stable, from a low of 15,092 in 2020 to a high of 15,737 in 2023. Compared to 2019, the licensed capacity of child care programs in the county increased by 0.7%. Figure 6 shows a distinct pattern based on program type: Capacity has grown in child care centers while it has simultaneously decreased in family child care programs. In fact, the capacity of center-based programs²⁵ has grown by 10.0% over the past 7 years, but the capacity of family-based programs has decreased by 34.6%.

Figure 6. Capacity of Licensed Programs in Lancaster County



Moreover, the number of available programs has decreased, regardless of program type. As shown in Figure 7, the county experienced a net loss of 5 center-based programs (3.7%) and 108 family child care homes (-35.2%). In total, there are 25.6% fewer licensed programs serving young children in 2026 than there were in 2019. Net loss, however, hides the number of individual programs that have closed. Of the 135 center-based programs operating in 2019, only 86 (63.7%) are still operating in 2026. Family child care homes show a similar pattern, with just 151 (49.2%) of the 307 programs operating in 2019 still operating in 2026.

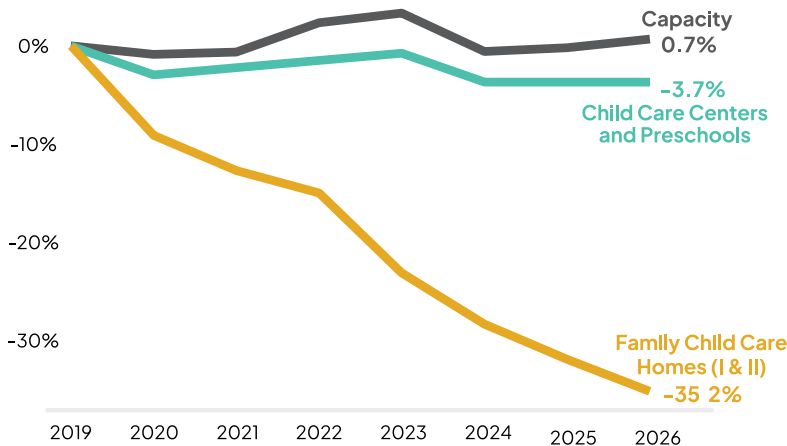
Figure 7. Licensed Child Care Programs in Lancaster County



While licensed capacity and total number of programs are two distinct measures, looking at the two together provides important insights and implications about the licensed child care market in Lancaster County. If the number of programs is decreasing while the licensed capacity is increasing, this means that programs, on average, are serving more children. However, family child care homes are particularly limited in the number of children they can enroll. Because these programs are most frequently located in the provider's home and, at maximum, can have two staff members serving 12 children (Family Child Care II) or one staff member serving 8 children (Family Child Care I), when the number of programs decreases, the capacity must decrease.

proportionally. However, a child care center's maximum licensed capacity is based, in large part, on square footage. Therefore, fewer programs does not necessarily translate to a lower licensed capacity for the region. In the past 7 years, the average licensed capacity of child care centers has increased from 89 to 102.

Figure 8. Change in Licensed Programs & Capacity in Lancaster County



Source: Nebraska Department of Health and Human Services.
Note: Percentages based on point-in-time counts of active licensed programs.

The loss of family child care homes with increasing center capacity highlights changes to parent options that impact prices parents pay for child care. Based on the 2025 Market Rate Survey²⁶ of child care providers, the annual median cost of infant care was \$9,750 in a family child care home and \$15,080 in a center, 55% higher. When there are fewer slots available in family child care homes, the average price for the region will increase, impacting affordability for parents.

Moreover, licensed capacity should not be considered enrollment. Capacity is a measure of the maximum number of children a program can serve based on their licensing agreement and is not necessarily the number of children a program plans to serve. Because most of the licensed child care market is in private businesses, enrollment is not tracked systematically; as a result, licensed capacity likely overstates the number of children actually served. In a small sample of Lincoln-area providers²⁷ by Lincoln Littles (see [Appendix E](#)), center-based programs report enrollment at 69% of their licensed capacity and family child care providers are enrolling at 86%. Although the sample is limited, these preliminary findings are consistent with other research comparing enrollment with licensed capacity.²⁸

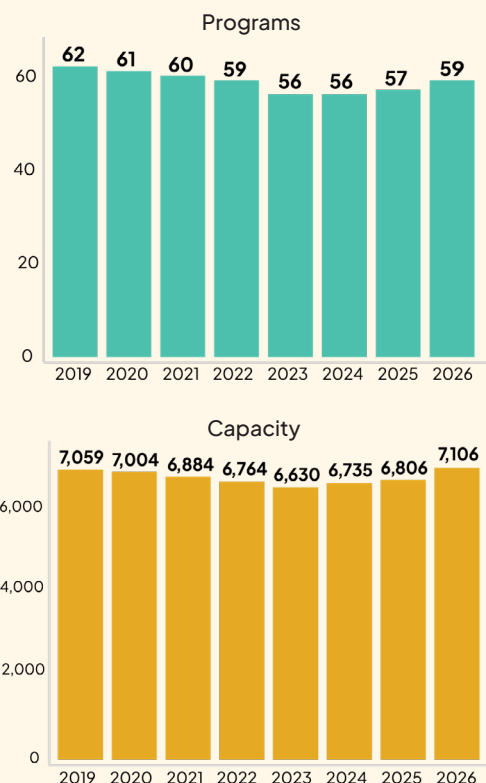
Staffing shortages are one reason programs may operate below their licensed capacity. The NDOL ([Appendix D](#)) 2022 Labor Availability Study found that, in the Lincoln area, 82.8% of child care establishments had at least one job opening,

Care for School-Age Children

While this report focuses primarily on the impacts to young children and their parents, parents of school-age children rely on the child care mixed-delivery system, as well. Many programs who serve young children also serve school-age children before and after school and during the summer months.

Additionally, Nebraska licenses School-Age Only Centers (SAOC), which are able to provide care exclusively to older children (ages 5–13) who are enrolled in school. Similar to patterns for child care centers, the number of SAOCs have decreased slightly, while licensed capacity has increased slightly.

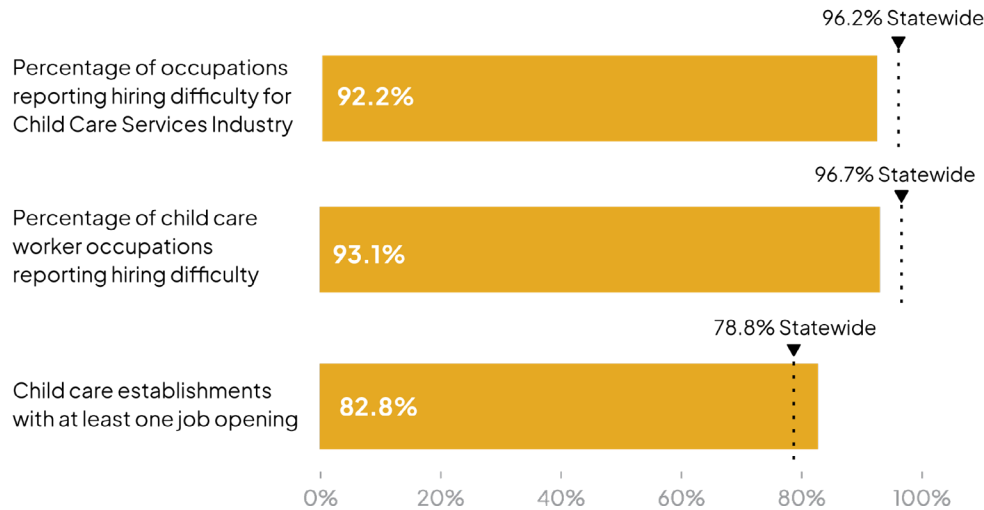
Figure 9: Programs and Capacity of School Age-Only Centers in Lancaster County



Source: Nebraska Department of Health and Human Services.
Note: Values represent point-in-time counts of active licensed programs.

92.2% reported difficulty hiring within the child care services industry, which includes all occupations within child care businesses. Additionally, 93.1% reported difficulty filling child care worker positions specifically (see Figure 10). These findings help explain the gap between licensed capacity and actual enrollment: Without enough staff, centers cannot serve the maximum number of children their facilities are licensed to accommodate.

Figure 10. Child Care Hiring in the Lincoln Area



Source: Nebraska Department of Labor, Labor Availability Study, requested data received September 3, 2026.

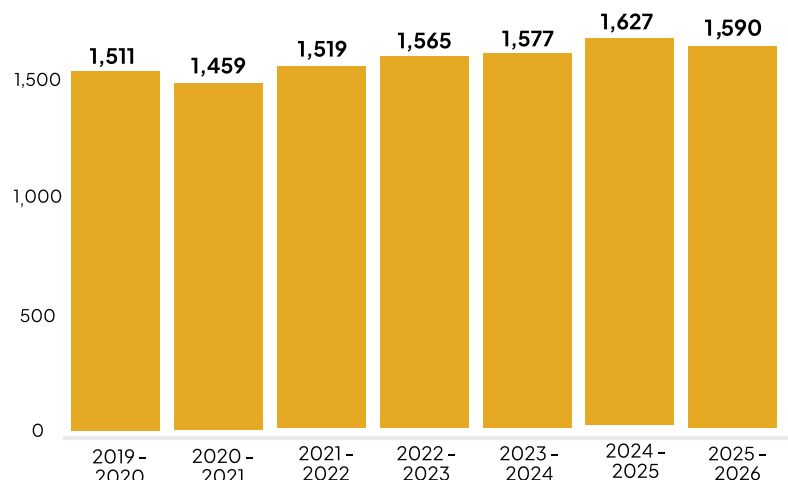
Public Preschool Enrollment Over Time

Public preschools are required to report enrollment data to the Nebraska Department of Education (NDE). As shown in Figure 11, enrollment in public preschool in Lancaster County has increased from 1,511 in the 2019–2020 school year to 1,590 in the 2025–2026 school year, an increase of 5.2%.²⁹ The number of public schools that have preschool programs increased from 37 to 40 during the same period.³⁰

Several private schools in Lancaster County also enroll children in preschool programs. Private programs may, but are not required, to report enrollment numbers to NDE, therefore the reported enrollment numbers are inconsistent.³¹ Some, but not all, preschool programs in private schools are also licensed, and therefore included in the licensed capacity data reported previously.

Preschools play an important role in Lancaster County's early childhood care and education system, providing valuable learning opportunities for young children. Most preschool programs, particularly those in public schools, operate during the school year and for part of the day. As a result, families whose work schedules require full-day, year-round care may combine preschool with other formal or informal child care arrangements.

Figure 11. Public Preschool Enrollment in Lancaster County



Source: Nebraska Department of Education, 2025–2026 County Membership by Grade.

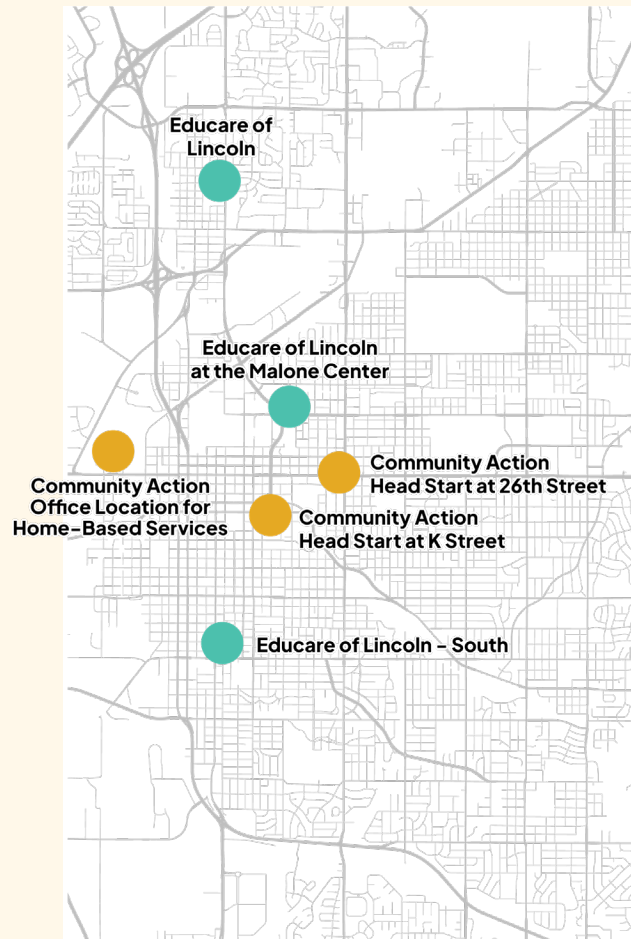
Head Start

Head Start is a crucial part of our national and state-level early childhood infrastructure. Programs across Nebraska and in Lancaster County offer comprehensive nutritional, medical and developmental supports for eligible children while supporting and engaging their families.

Head Start includes Head Start Preschool and Early Head Start. Head Start Preschool enrolls children primarily ages 3 and 4 and provides preschool programming. Early Head Start provides center-based services for infants and toddlers and home-based services for infants, toddlers and pregnant mothers. Grantees are awarded federal funds for a specific number of slots, which represent the number of children and pregnant mothers they are funded to enroll and serve at a given time.

Currently, Educare of Lincoln is funded to enroll 92 children in Early Head Start, including 4 seats designated for pregnant mothers. Community Action Partnership is funded to enroll 132 children and pregnant mothers in home-based Early Head Start, 184 children in center-based Early Head Start and 119 children in Head Start Preschool.

Together, the two grantees served 610 children and 39 pregnant mothers cumulatively in 2025–2026.



Affordability

The Role of Parent Choice, Income and Cost in the Demand for Child Care

Families have different needs and preferences for nonparental care for their young children. In Lancaster County, nearly two thirds (63.4%) of children attend child care for more than 10 hours a week (Kidsights Data). As mentioned previously, most families who need care in Lancaster County utilize formal, licensed care (see Child Care Access in a Mixed-Delivery System on page 10). However, parents must navigate many different options when deciding on which forms of child care they can access, afford and trust.

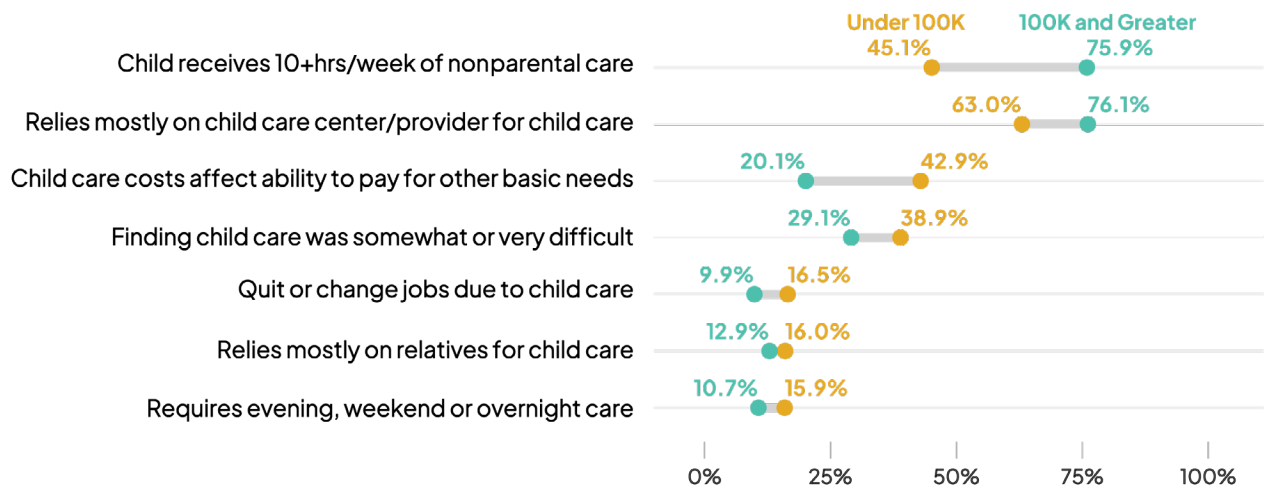
The ways in which families experience child care and how it impacts their economic stability vary significantly based on income. Families earning less than \$100,000 per year are less likely to utilize child care overall (45.1% compared with 75.9%; Figure 12). Regardless of income, when children receive nonparental care, it is most frequently in the formal licensed child care markets, but families earning less than \$100,000 are less likely to use this form of care compared to families earning more (63.0% and 76.1%, respectively) and more likely to utilize relatives as a primary source of child care (16.0% and 12.9%, respectively).

Child Care Assistance

Families earning less than 185% of the federal poverty level, which is \$61,050 for a family of 4, may qualify for child care assistance, also referred to as child care subsidy. Child care assistance is funded through combined federal and state resources to offset the high costs of child care so that eligible parents can pursue employment or education to better provide for their families. Approximately 31% of children under age 6, or 6,878 children,³² in Lancaster County meet the income eligibility requirements for child care assistance. However in 2023, the most recent year data is available, Lancaster county averaged 2,361 children age 0–12 enrolled in the program.³³

Families earning less than \$100,000 are also more likely to experience additional economic challenges related to child care. They are more likely to quit or change jobs because of difficulty accessing child care (16.5% compared with 9.9% of families earning more than \$100,000) and are more than twice as likely to indicate that child care costs affect their ability to pay for other basic needs (42.9% and 20.1%, respectively). These findings suggest that access alone cannot prevent child care-related employment disruptions; families must also be able to afford the care available to them.

Figure 12. Child Care Experiences by Income of Families in Lancaster County³⁴

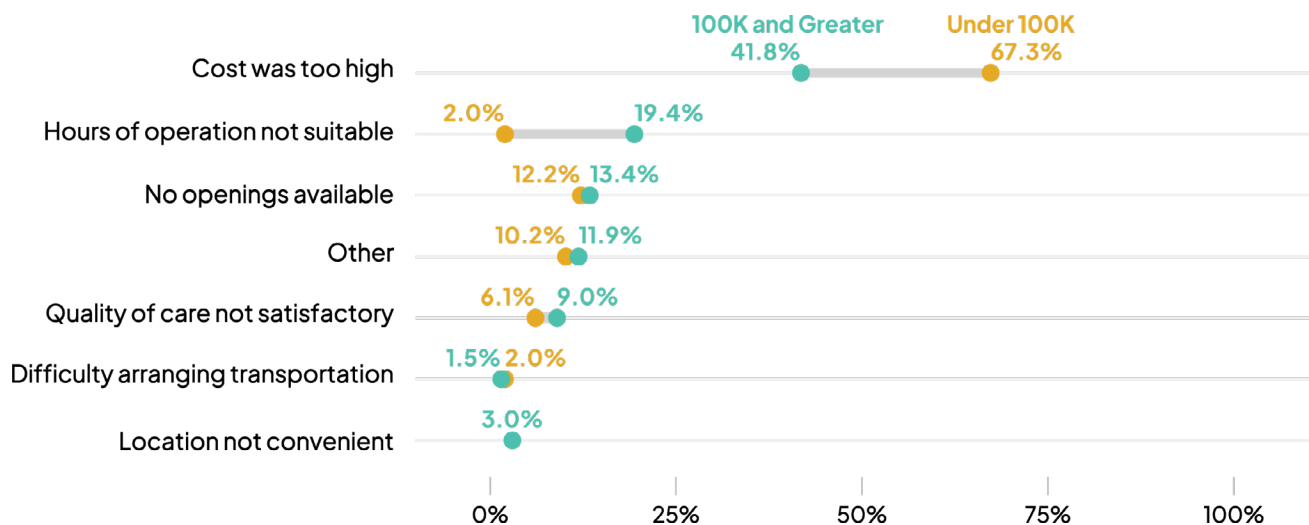


Source: Kidsights Data, University of Nebraska Medical Center, College of Public Health, requested data received June 18, 2026.

Additionally, families earning less than \$100,000 per year are more likely to say finding child care was somewhat or very difficult (Figure 12); in fact, they report finding child care is very difficult at a rate three times higher than families earning more than \$100,000 (14.3% and 4.3%, respectively). As shown in Figure 13, they are also much more likely to cite cost as the primary reason why finding child care was difficult (67.3% compared to 41.8%), whereas parents who earn more than \$100,000 are more likely to point to logistics like unsuitable hours of operation (19.4%, compared to 2.0% for families earning less), lack of openings (13.4% compared to 12.2%) and quality of child care (9.0% compared to 6.1%).

Families earning more than \$100,000 per year are less likely to require evening, weekend or overnight care compared to families earning less than \$100,000 (10.7% compared to 15.9%). Paradoxically, higher-income families require nonstandard hours of care less often but are also more likely to cite hours of operation as a main reason that finding child care was difficult. Although there is no direct evidence in the current data, this finding may be caused, in part, by higher-income families seeking part-time care. Many licensed child care programs require full-time enrollment for young children, wherein families pay a set rate for care regardless of attendance.³⁵

Figure 13. Main Reasons Finding Child Care was Somewhat or Very Difficult Among Families in Lancaster County³⁶



Source: Kidsights Data, University of Nebraska Medical Center, College of Public Health, requested data received June 18, 2026.

Kidsights Data found that in Lancaster County, the average weekly cost of care for one child was \$296. Nearly half (49.6%) of Lancaster County parents pay for care for more than one child, with an average weekly cost of \$533. This equates to annual expenditures of \$15,392 and \$27,716, respectively. To help cover these costs, parents are receiving financial support from others, regardless of earnings. Families earning less than \$100,000 per year average \$34 per week in support from others, while families earning more receive \$81 per week in support.³⁷ As shown in Figure 12, for 1 out of 5 parents earning more than \$100,000 per year and 2 out of 5 parents earning less, child care costs affect their ability to pay for other basic needs, which is reflected in parent descriptions of their economic situation.

“I work three jobs to keep my house afloat. I feel like I am stressed and overworked trying to provide. I wish the income threshold for assistance was lower [sic] so struggling working families could get some assistance too. The cost of daycare is rising; It is expensive” —Parent, Lancaster County (Kidsights Data)

“Our childcare is through an in-home, and we’ll be sending two to daycare this August. So that will be a new challenge. So, any programs that they can offer to middle or lower class families to help a portion of that. I’m not really sure. That would be, I think, for our family, the two biggest things. So once I go back to work and we pay for insurance and two kids at daycare, it’s almost like that’s my entire paycheck. So it seems what the heck?” —Parent, Lancaster County (Kidsights Data)

“The payment when we had one or two kids in daycare, our childcare was probably closer to our mortgage payment.” —Parent, Lancaster County (Kidsights Data)

“[More flexible childcare] would free up lots of finance decisions so that we could do more improvements for our family, maybe updating the house, maybe getting the newer a car, things like that. We had to be very budget friendly because of that childcare payment.”—Parent, Lancaster County (Kidsights Data)

High child care costs reduce a family’s ability to pay for other household expenses and also limit their choices in finding suitable child care. When families find child care, they report they are satisfied with the quality of their care, with an average rating of 3.4 out of 4, with 4 representing extremely satisfied. Families earning less, however, rate their satisfaction with care lower than families earning more (3.1 and 3.5, respectively). For Lancaster County families who report difficulty in finding child care (see Figure 13), families earning more than \$100,000 per year are more likely to identify concerns with the quality of child care (9.0%) compared to families earning less than \$100,000 (6.1%) This is consistent with recent Nebraska studies that found that parents reported difficulty in finding child care that is both affordable and high quality.^{38,39}

Quality

Step Up to Quality Participation in Lancaster County

Step Up to Quality (SUTQ) is Nebraska’s quality rating and improvement system for early education programs serving children birth to age 5.⁴⁰ Administered by NDE, SUTQ is a continuous quality improvement system designed to recognize and develop high-quality learning environments for young children. Of Lancaster County’s 329 licensed programs, 166 participate in SUTQ. Table 5 shows step ratings for participating programs in Lancaster County by license type.

Table 5. Step Up to Quality Ratings by Program Type for Participating Licensed Child Care Programs

	Child Care Centers & Preschools	Family Child Care Home I & II	Total Programs
Step 1	28	32	60
Step 2	29	24	53
Step 3	24	1	25
Step 4	7	0	7
Step 5	17	4	21
Total SUTQ	105	61	166

Source: Nebraska Department of Health and Human Services (July 2026).

SUTQ participation is voluntary, and enrolled programs receive incentive bonuses once they achieve Step 2 and at each additional step. Programs achieving Step 3 or higher receive higher reimbursement for the child care subsidy program. In Lancaster County, 80.8% of child care centers and preschools participate in SUTQ, much higher than Nebraska overall, where 63.0% of child care centers and preschools participate. Participation for family child care providers is slightly lower than Nebraska overall (30.7% and 34.1%, respectively).⁴¹

SUTQ provides a standardized assessment and path to improve quality for child care programs serving young children, but it is not required, so rating information is available for only half (50.4%) of the licensed programs in the county.

Workforce Stability and Child Care Quality

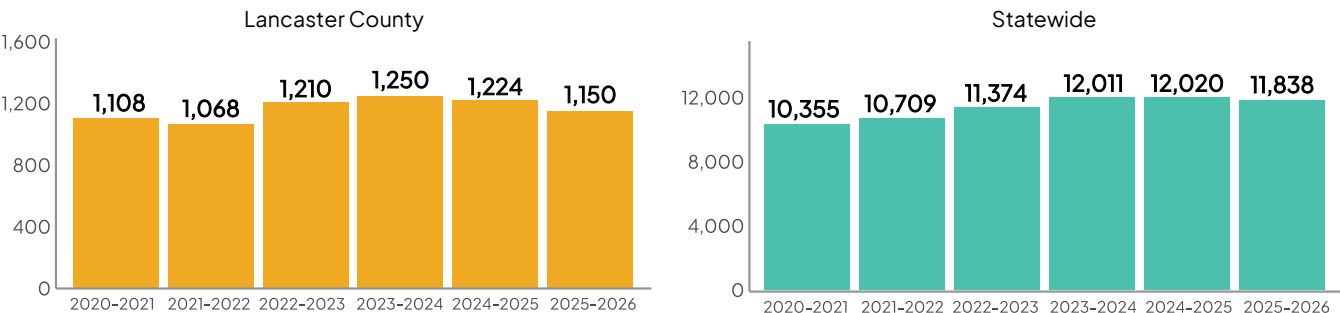
The child care workforce affects both child care supply and demand. As noted earlier, licensed capacity shows the maximum number of children a program can serve. When programs are understaffed or experience staffing instability, the number of children they can actually serve decreases. Parents’ views of child care quality are also closely tied to the workforce providing that care. When selecting child care, parents consider provider and staff qualities such as warmth, shared values, trust and credentials.⁴² In two recent Nebraska studies, including one conducted in Lancaster County, parent descriptions of quality child care experiences center on the interactions between child care professionals and their children.^{43,44} This includes witnessing the direct impact of early childhood educators’ professional expertise on their child’s development. As acknowledged by a Lancaster County parent, the developmental gains made in early childhood programming extend far beyond the classroom:

“I think that in all three [child care programs] my kids, I think they did have the educational foundation. They were ready for kindergarten through these programs, they already knew their letters. They knew comprehensive thinking all that kind of stuff was developed younger when they were in the younger childcare center. I guess through the years, growing up, they developed all those skills, which I think made them better leaders, better students, and I guess citizens at their school. —Parent, Lancaster County (Kidsights Data)

Conversely, the same Nebraska studies found that parents’ negative child care experiences often centered on high staff turnover and limited staff expertise, both of which influenced their child care decisions. Although child care quality is difficult to measure, a major component of quality begins with the expertise of child care providers. Examining the child care workforce can provide clues for understanding quality within a child care system.

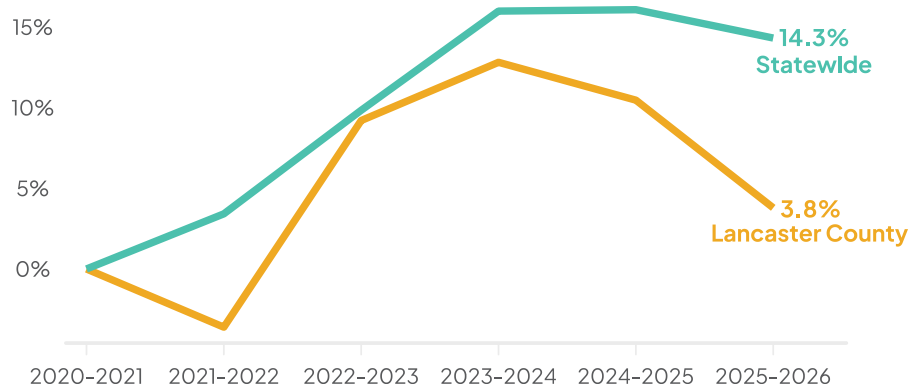
To better understand child care turnover, retention and other employment factors, NDOL provided aggregated data from child care businesses that report quarterly employment data (see [Appendix D](#)). Although the data exclude most self-employed family child care home providers, they provide employment trends among many child care centers identified as Child Care Services employers.⁴⁵ According to NDOL in 2025, 92.3% of child care employees in Lancaster County were women, with the largest demographic group being women ages 20–29 (38.0% in Q4 2025).⁴⁶ Since 2020, the number of individuals working in the child care industry in Lancaster County increased by 3.8% from 1,108 to 1,150 (see Figure 14). After peaking in 2023, child care employment in Lancaster County is decreasing more rapidly than child care employment rates across the state (see Figure 15).

Figure 14. Number of Child Care Employees in Lancaster County and Nebraska



Source: Nebraska Department of Labor, requested data received September 3, 2026.

Figure 15. Change in Number of Child Care Employees Since 2020 in Lancaster County and Nebraska



Source: Nebraska Department of Labor, requested data received September 3, 2026.

While the total number of individuals in the child care workforce has changed by 3.8%, this number does not fully capture the amount of churn within the industry. Within any given year, 400–600 employees leave the child care industry and 400–600 new employees enter. The combination of separations and new hires is how NDOL calculates turnover rates.⁴⁷ Turnover is on the decline in the child care industry after peaking in 2021–2022.

Turnover in Lancaster County is consistently higher than turnover statewide. Lancaster County’s larger college-age workforce could be one factor contributing to its higher turnover rate, although the available data do not establish a direct causal relationship. It’s also important to note that the measure is industrywide for one region and does not factor in within-industry employment changes across geographic boundaries.

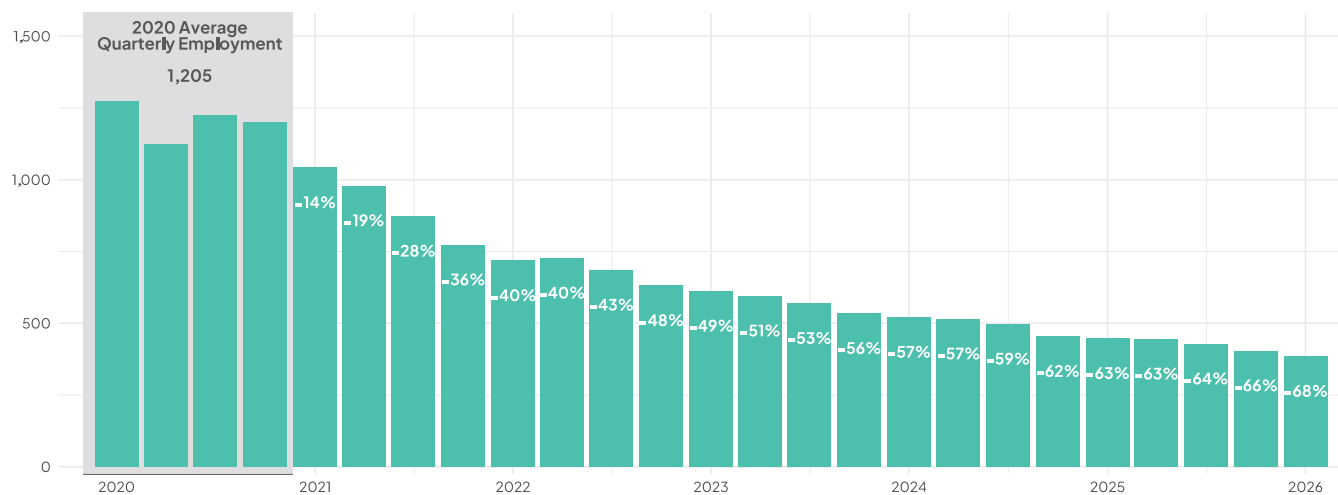
Table 6. Child Care Services Annual Turnover Rate in Lancaster County and Nebraska

Time (Q1–Q1)	Lancaster County	Nebraska
2020–2021	38.6%	37.6%
2021–2022	45.4%	40.7%
2022–2023	44.9%	40.5%
2023–2024	44.2%	38.7%
2024–2025	42.7%	36.7%
2025–2026	39.5%	35.0%

Source: Nebraska Department of Labor, requested data received September 3, 2026.

Longevity in the child care industry is a proxy measure for early childhood expertise. Analysis by NDOL (see [Appendix D](#)) reveals that retention in the child care industry over a 6–year period is 32%. This means that, as of 2026, just 32% of the current workforce has been in the industry for 6 years or more.

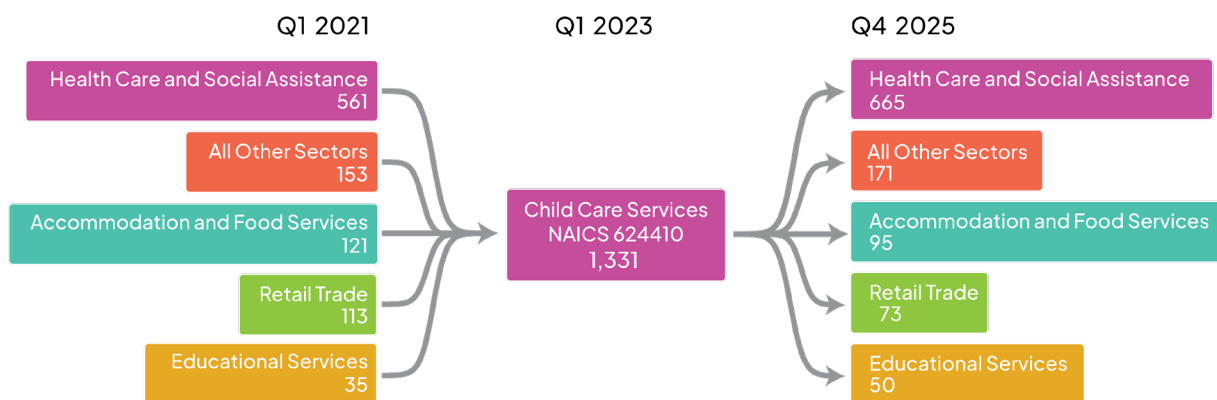
Figure 16. Retention of Child Care Workers Since 2020 in Lancaster County



Source: Nebraska Department of Labor, requested data received June 25, 2026.

To understand where child care workers come from and where they go when they leave, NDOL tracked industry flows for two years before and after the first quarter of 2023. The most common sector moving into and out of child care was Healthcare and Social Assistance, which includes the industry code for child care services. This category includes workers who remained in child care as well as those employed in related fields such as family services, assisted living and hospitals. Other common sectors moving both into and out of child care included accommodation and food services, retail trade and educational services.

Figure 17. Child Care Industry Flows

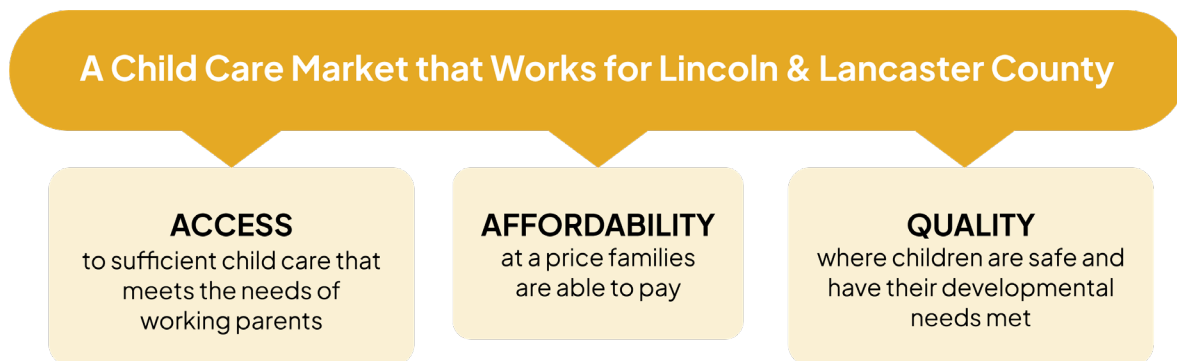


Source: Nebraska Department of Labor, requested data received June 25, 2026.

Estimating pay for the child care workforce is difficult because wages are reported to NDOL as quarterly totals, while the field also includes substantial part-time work and workforce instability. To account for this variation, NDOL analyzed wages for individuals who worked at least six consecutive quarters. Among this group, the average annual wage for child care workers in Lancaster County increased 28.7%, from \$22,385 in 2020 to \$28,811 in 2025. Lancaster County wages remained somewhat below the statewide average, which rose at a similar rate of 25.2%, from \$23,361 in 2020 to \$29,240 in 2025. However, multilocation employers—which tend to pay higher wages on average (\$35,833 in 2024)—cannot be assigned to a specific region of the state.⁴⁸ These employers likely include franchise child care providers, which may be more common in urban areas such as Lincoln. Even with recent wage growth, low pay in the field continues to make it difficult to attract and retain a stable, experienced child care workforce.

Conclusions

This report examines the economic impact of inadequate child care in Lancaster County, as well as how supply and demand for child care is affected by factors essential to a functioning child care system (i.e., accessibility, affordability and quality). According to BBR, lack of affordable and reliable child care in Lancaster County is estimated to result in annual total losses of \$264.2 million in parental income and \$288.8 million in lost business activity, as well as 1,115 lost jobs. To develop solutions to address this economic problem, the report analyzes the way in which access, affordability and quality impact the supply of and demand for child care in the region.



How is Child Care Supply Impacted by Access, Affordability and Quality?

If measuring supply is based solely on child care programs' licensed capacity, it would be easy to conclude that the supply of child care in Lancaster County has changed very little. However, when looking at capacity and program type together, it is clear that the supply of child care has shifted—there are fewer programs available to parents (**access**). And while this means that each program is serving more children, that is only true for licensed child care centers. The supply of family child care programs—both in terms of capacity and providers—has decreased. Because these programs are, on average, less expensive for families, this shift in supply directly impacts **affordability** for families.

Moreover, hiring difficulties in child care centers impacts **access** for families. When programs are understaffed, they will serve fewer children. Staffing will remain difficult when wages are low, impacting **quality** and **access**. In addition to licensed child care programs, preschools provide **access**, though this is frequently limited to children ages 3 to 5 and for part-day programming, so parents working full time may need **access** to additional forms of care.

How is Child Care Demand Impacted by Access, Affordability and Quality?

In Lancaster County, 3 out of every 4 children under age 6 live in households where all parents work, so it is unsurprising that the majority of parents in the region report needing child care. Among parents needing child care, almost a third report difficulty finding child care (**access**) and cited cost as the main reason (**affordability**). Parents with lower income were almost twice as likely to cite costs (**affordability**) as the primary reason when compared to higher-income parents. Parents with higher income, on the other hand, were three times more likely to indicate **quality** as a primary concern when compared to those with lower incomes. Interestingly, parents with higher income were also more likely to report incompatible hours, despite being less likely to report needing evening, weekend or overnight care, indicating that higher income families may be seeking more flexible care arrangements (**access**). For families who need care, 14% reported relying mostly on relatives for child care, which, in some cases, could be related to **affordability**.

Parents of multiple children needing care and/or parents with lower income may consider leaving the labor force when a significant portion of their income goes toward child care costs (**affordability**) and higher-quality options are out of reach (**quality** and **access**). In addition, child care turnover within the workforce disrupts the child-teacher relationship and leads to a loss of expertise within the classroom (**quality**).

Growing with Care

Reliable, high-quality child care is economic infrastructure. This report defines the scope of Lancaster County's child care challenges and demonstrates how they affect families, businesses and the local economy. The data provides a starting point for building solutions, and while the problems are significant, they are not insurmountable. It is imperative that community leaders use this information to strengthen the child care system by addressing access, affordability and quality simultaneously. By advancing all three together, Lancaster County can build a child care supply that meets the demands of today's workforce while helping the next generation of residents learn, grow and thrive.

Appendix A: Bureau of Business Research

The University of Nebraska–Lincoln Bureau of Business Research conducts economic research on Nebraska, as well as its communities. Faculty and staff at the Bureau have conducted analyses on 1) economic and fiscal impacts, 2) comparative economic models, 3) economic, fiscal and demographic outlooks and 4) how economic policy affects industry, labor markets, infrastructure and standard of living. The Bureau has been awarded funding from both federal government agencies and private foundations in service to the academic mission of the University of Nebraska.

Dr. Eric Thompson (director of the Bureau of Business Research and Associate professor of economics) and Dr. Mitchel Herian (project director of the Bureau of Business Research) co-authored a separate report detailing their methodology used in this document. This report can be found [here](#).

Appendix B: The Child Care Trust

In 2026, Child Care Aware of America launched the Child Care Trust. Led by Linda K. Smith, a nationally renowned child care expert, the Child Care Trust will develop real-world solutions for funding, organizing and sustaining quality child care that are informed by data and research.

The Child Care Trust created an interactive map of the child care gap in the United States: <https://childcaregap.org/>. The map examines the gap between the potential need for child care and the capacity of legally operating child care providers. Potential need for care refers to the number of children under age 6 with all available parents in the labor force. Program capacity is defined as licensed capacity, which is related to a provider's building square footage or room size and not actual enrollment. For the analysis used in this report, researchers at the Child Care Trust isolated Lancaster County and calculated gaps in child care within this geographic boundary using the methodology outlined in <https://childcaregap.org/MappingMethod.pdf>. For more information on the analysis, including challenges in child care data and gaps analysis, see <https://childcaregap.org/report>.

Appendix C: Kidsights Data

Kidsights Data is an initiative of the University of Nebraska Medical Center to generate population-level data on early childhood development. After being tested and validated as a new measure for the World Health Organization's Global Scales for Early Development, the Kidsights Measurement Tool uses online, parent-reported data to measure collective health and development trends of infants and children ages birth through age 5 in a defined population and geographic area. For more information on Kidsights Data, see <https://www.unmc.edu/public-health/research/multidisciplinary-programs/kidsights/index.html>.

In 2025, researchers on Kidsights Data Team collected data on the cost and availability of child care for families with children aged birth to 6 years across the state of Nebraska, with a total of more than 2,700 responses. Families were recruited from a birth cohort list of all registered births in Nebraska from 2019 to 2025 and through programs serving children and families. Interviews with parents about child care took place after surveys were completed.

Data in this report are based on responses from 482 respondents who reside in the 44 ZIP codes in Lancaster County. The majority of the respondents (n=428, 88.9%) reside in the 29 ZIP codes representing the incorporated city of Lincoln. The median family income (2024) of respondents was \$82,463, with 58.3% (n=266) reporting family incomes of \$100,000 or more.

This analysis focused on survey items that address families' reported child care experiences, including:

1. What are the main features of child care types and costs in the Lincoln-Lancaster County region?
2. How much of a problem is child care for Lincoln-Lancaster County region families?
3. What do parents say about child care in the Lincoln-Lancaster County region?

In Figure 12, the item "Finding child care was somewhat or very difficult" excludes respondents who report not needing child care. Therefore percentages reflect difficulty among families who were seeking care (n=378).

Appendix D: Nebraska Department of Labor

Child care employment data was collected by the Nebraska Department of Labor (NDOL) from quarterly wage reports submitted by all employers covered by unemployment insurance (i.e., liable employers). Liable employers exclude most self-employed and family-operated businesses, such as family child care home providers. Employers are categorized by industry code according to the North American Industry Classification System (NAICS) based upon the business's primary activity. Organizations categorized in other industries that also offer child care services are not included in the data (e.g., schools, local government, community advocacy or religious organizations).

Based upon these criteria, NDOL identified 739 employers in Nebraska that were assigned the child care NAICS code (624410) in Quarter 1 2026. Employers that have multiple locations in Nebraska are included only in statewide data and not identified by county. Employee-level data includes all employees working for employers in NAICS 624410 (Child Care Services).

Labor Availability Survey data was collected by NDOL (see <https://dol.nebraska.gov/las>). Between May 2021 and October 2023, NDOL sent surveys to businesses and establishments with at least three employees and households located across 86 counties. The Greater Lincoln region questionnaires were collected between August 24 and October 25, 2022, with 1,220 businesses and 1,059 households responding. The Greater Lincoln survey area included 46 ZIP codes in parts of Lancaster, Saunders, Cass, Otoe, Gage and Seward counties, however over 99% of respondents were from Lancaster County.

The LAS is currently in the field in the same Greater Lincoln area and new data will be available during winter 2026–2027.

Appendix E: Lincoln Littles

Lincoln Littles grew from community conversations and local data identifying early childhood as an important need in Lincoln. Since 2019, Lincoln Littles has helped support tuition assistance, providers, employer engagement and community collaboration focused on helping children and families thrive.

Lincoln Littles has invested over \$5.1 million in child care tuition assistance to make quality child care more accessible for working families. The program supports on average 130–150 local children each month. In addition, Lincoln Littles has invested over \$600,000 in quality enhancement grants across 55 local child care programs.

Lincoln Littles believes that every child deserves the opportunity to learn, thrive and reach their full potential. Lincoln Littles surveyed Lincoln child care providers from June 1 through July 1, 2026, to assess whether licensed capacity overstates the number of openings that are actually available and to better understand child care supply across age groups. The survey received 53 responses.

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- 31 According to Nebraska Department of Education, 16 private schools in Lancaster County reported preschool enrollment data from 2019 to 2025. Half of these schools are also licensed as child care centers. Ten schools (62.5%) have consistently reported preschool enrollment data since 2019. Across all 10 schools with nonmissing data, preschool enrollment has decreased by 25.8% from 449 students in 2019–2020 to 333 students in 2025–2026.
- 32 U.S. Census Bureau. (2026). *Age by ratio of income to poverty level in the past 12 months* (Subject Table B17024). 2024 American Community Survey 5–Year Estimates. https://data.census.gov/table/ACSDT5Y2024.B17024?q=B17024&g=040XX00US31_050XX00US31109
- 33 Bass, K., Brady, S. E., Thompson, E., Herian, M., & Quattrocchi, J. (2024). *Impact of income eligibility expansion of the child care subsidy program in Nebraska: Technical report*. First Five Nebraska. <https://www.earlyfutures.org/efp-resources/impact-of-income-eligibility-expansion-of-the-child-care-subsidy-program-in-nebraska-technical-report>
- 34 Percentages for reported difficulty with finding child care excludes families who reported that they did not need child care (N = 93).
- 35 First Five Years Fund. (2026). *Enrollment and attendance payment models: Child Care & Development Block Grant (CCDBG)*. <https://www.ffyf.org/2026/05/31/enrollment-and-attendance/>
- 36 Sample excludes 227 respondents needing child care who stated that finding child care was not difficult (67.8% of total respondents needing child care).

- 37 Support for child care tuition could come from a variety of formal and informal sources and is not specified within the data. This could include support from noncustodial parents, help from family members (e.g., grandparents), child care subsidy, subsidized payments by employers or child care tuition assistance programs like that of Lincoln Littles. The pattern of more support for families of higher incomes and less financial support for families with lower incomes is worthy of additional research.
- 38 Bass, K., Brady, S. E., Thompson, E., Herian, M., & Quattrocchi, J. (2024). *Impact of income eligibility expansion of the child care subsidy program in Nebraska: Technical report*. First Five Nebraska. <https://www.earlyfutures.org/efp-resources/impact-of-income-eligibility-expansion-of-the-child-care-subsidy-program-in-nebraska-technical-report>
- 39 Bass, K., & Brady, S. E. (2025). *Impact of on-site early education and child care: Primrose School at Hudl*. First Five Nebraska. <https://www.earlyfutures.org/efp-resources/impact-of-on-site-early-education-and-child-care-primrose-at-hudl>
- 40 Nebraska Department of Education. (2025). *Step Up to Quality program guide*. <https://stepuptoquality.ne.gov/wp-content/uploads/2025/04/STQ-Program-Guide.pdf>
- 41 Nebraska Department of Health and Human Services. (2026, July). *Licensed child care programs [roster]*. <https://dhhs.ne.gov/licensure/Pages/Child-Care-Licensing.aspx>
- 42 Raikes, H., Wilcox, B., Peterson, C., Hegland, S., & Atwater, J. (2005). *Parent perceptions of child care choice and quality in four states*. The Gallup Organization for the Center on Children, Families and the Law, University of Nebraska. <https://digitalcommons.unl.edu/cgi/viewcontent.cgi?article=1016&context=ccflpubs>
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- 44 Bass, K., & Brady, S. E. (2025). *Impact of on-site early education and child care: Primrose School at Hudl*. First Five Nebraska. <https://www.earlyfutures.org/efp-resources/impact-of-on-site-early-education-and-child-care-primrose-at-hudl>
- 45 This includes only individuals working in the “Child Care Services” NAICS code and receiving unemployment insurance. As a result, this number excludes a certain portion of the industry, including self-employed individuals (family child care homes) and programs that are housed within organizations in other industries. For example, if a religious organization owns and operates a child care business, the child care employees would receive their unemployment insurance under the religious organizations NAICS code. The same is true if a manufacturing business or hospital owns and operates a child care. The numbers presented here should be used to identify patterns and not considered the entirety of the child care workforce in the county.
- 46 Nebraska Department of Labor. (2026). *Child care services employment from 2020 to 2026 [data]*. Data request received September 9, 2026.
- 47 The formula to calculate turnover rates is $\frac{1}{2}(\text{Hires} + \text{Separations})/\text{Average Headcount at Time 1 and Time 2}$.
- 48 Hunzeker, S., personal communication, October 16, 2025.

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