

APPROPRIATIONS COMMITTEE

Interim Study Committee Report Legislative Resolution 390

Examination of the Fiscal and Economic Impact of the COVID-19 Pandemic on Nebraska's Early Childhood Workforce and the Early Childhood Care and Education System

December 2020

Appropriations Committee:

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Interim Study Resolution LR 390

Introduced by Stinner

PURPOSE: The purpose of this study resolution is to assess the fiscal and economic impact of the COVID-19 pandemic on Nebraska's early childhood workforce and the early childhood care and education system and to ensure that the early childhood care and education system is stable enough to support children's development during and after this crisis situation and to support families, communities, and businesses while rebuilding the state's economy.

The foundation for this study resolution is an analysis of Nebraska's strengths and challenges across all sectors affecting early childhood care and education as presented in "Elevating Nebraska's Early Childhood Workforce: Report and Recommendations of the Nebraska Early Childhood Workforce Commission," released on January 30, 2020, by the Buffett Early Childhood Institute at the University of Nebraska. The science of early childhood development makes it clear that the early years, from birth through the age of eight, are a time of unparalleled human growth and brain development and that healthy development during these pivotal early years requires reliable, positive, and consistent interactions between the developing child and parents and other familiar, caring adults.

In Nebraska, seventy-five percent of children under the age of six live in homes where all adults in their family work outside the home. Most parents of young children who work outside the home rely on early childhood professionals, whether in family child care homes, child care centers, or public or private schools, to provide additional positive interactions and experiences that young children need to thrive. Prior to the pandemic, many communities across the state already lacked sufficient and affordable early childhood care and education options. Eleven Nebraska counties had no licensed child care facilities and eighty-four percent of Nebraska counties lacked sufficient child care openings to meet the needs of families living in the county.

A survey of Nebraska child care providers conducted by the Buffett Early Childhood Institute in the initial days of the pandemic revealed many of the providers could not survive a closure of any length, decreasing parent options and increasing stress on local economies. Ensuring all families and children have equitable access to affordable high-quality care is key to both the healthy growth and development of Nebraska's children as well as the economic vitality and prosperity of communities and the state.

This study shall include, but not be limited to, an examination of the following:

- (1) The fiscal and economic impact of the COVID-19 pandemic on the early childhood workforce and the early childhood care and education system;
- (2) Federal and state investments and expenditures in Nebraska's early childhood care and education system;
- (3) The funding gap between current investments and the total investments needed to fully fund a high-quality early childhood care and education system; and

(4) Financing options for closing the funding gap for a high-quality early childhood care and education system, including state and community-based models.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED SIXTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Appropriations Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

Introduction

The Appropriations Committee of the Nebraska Legislature held a hearing on September 29, 2020, to consider LR 390. The purpose of this study resolution was twofold:

- (1) to assess the fiscal and economic impact of the COVID-19 pandemic on Nebraska's early childhood workforce and the early childhood care and education system, and
- (2) to ensure that the early childhood care and education system is stable enough to support children's development during and after this crisis situation and to support families, communities, and businesses while rebuilding the state's economy.

Trend data show Nebraska employers and parents are highly reliant on the early care and education industry. Nebraska consistently ranks in the top 5 states with all available parents in the workforce. Despite the high demand, data also show prior to the COVID-19 pandemic, 91% of Nebraska counties lacked sufficient child care. The pandemic has exacerbated that gap with both temporary and permanent child care provider closures across the state. Additionally, in a recent survey conducted by the Buffett Early Childhood Institute at the University of Nebraska, over 50% of Nebraska child care providers surveyed reported that without financial assistance they will likely have to close if the pandemic continues or worsens.

Helping Nebraska businesses survive the current economic turmoil is one of the state's highest priorities. The Appropriations Committee recognizes its obligation to set budget and policy decisions that will allow and encourage the state economy to flourish. The pandemic has revealed just how foundational the child care industry is to Nebraska's economy.

Summary – Invited Testimony

President Ted Carter, University of Nebraska, offered the university's full support of LR 390 and long-term commitment to early childhood, particularly in light of Nebraska's urgent and growing workforce needs.

Higher education has an important role to play in helping the state prepare for the 34,000 annual openings in H3 (high skill, high demand, high wage) jobs in the years ahead, as well as in the quality education of Nebraska's youngest children. Pathways to college, to relevant internships and academic experiences, to timely graduation, and to great jobs in Nebraska begin in the earliest years.

Early childhood is one of the university's five strategic academic priorities and leading policy interests. The university engagement on the early childhood front includes co-chairing the Nebraska Early Childhood Workforce Commission, conducting surveys of child care providers to assess the impact of COVID-19, quantifying the economic impacts of inadequate child care across Nebraska, and assisting Chairman Stinner with parent and business surveys to collect data to be used by the Appropriations Committee and the full Legislature to strategically position Nebraska's recovery efforts as a result of the pandemic.

Dr. Marjorie Kostelnik, Co-chair of the Nebraska Early Childhood Workforce

Commission, provided an overview of the Workforce Commission, a body of over 40 state and local leaders from a wide range of disciplines that spent three years determining the most effective ways to strengthen and support the early childhood workforce.

A highly qualified early childhood workforce is the cornerstone of high-quality care and education. The single most important building block of brain architecture and childhood development is reliable, positive, and consistent interactions between the developing child and familiar, caring adults.

The Workforce Commission's efforts culminated in the most comprehensive report ever conducted on the early childhood workforce in Nebraska and, based on its key findings and conclusions, articulated a comprehensive plan with overarching goals designed to guide statewide efforts to ensure high-quality early care and education from birth through Grade 3 for all children and families in Nebraska. (See Appendix C for full report.)

Like many industries, the early childhood workforce has been severely impacted by COVID-19. The commission's report offers Nebraska a resource to strengthen the early childhood system and mitigate the impact of the pandemic on an industry that is relied upon statewide by all other industries.

Dr. Catherine Huddleston-Casas, Associate Director of Workforce Planning and Development, Buffett Early Childhood Institute at the University of Nebraska, reported on her work to inform the Nebraska Early Childhood Workforce Commission's understanding of the funding and financing needs of the early care and education system in Nebraska.

Full funding of early care and education is the combined private- and public-sector funding necessary to cover the total cost of ensuring that high-quality early care and education is available and accessible for every young child in Nebraska. Private-sector investments come primarily from families, but also include contributions from businesses and philanthropic entities. Public-sector investments come from all levels of government—local, state, and federal. The Workforce Commission recommended that Nebraska calibrate the resources invested in its early care and education system to fit the size and complexity of the economy to which we aspire.

Building a cost model from the ground up that accounts for what it takes to fully fund early care and education results in an estimate of 0.75 of 1% of gross domestic product. (See page 59 of Appendix C.)

Using 2017 data, the most recent data available at the time of analysis, and the 0.75 of 1% of GDP figure, Nebraska would need \$912 million to fully fund an early care and education system equipped to serve our economy. Current investments from both private and public sectors (including \$77 million, or 17% of the total, invested by the State of Nebraska) total \$460 million, revealing a gap in 2017 terms of \$452 million. A sample 10-year phased approach (including investments from both private and public sectors) to closing the gap was developed by the Workforce Commission and provided to the committee. By utilizing such a cost model,

Nebraska's early care and education system could be designed and financed to reflect the size of the economy the system is designed to serve.

Elizabeth Everett, Deputy Director, First Five Nebraska, discussed the economic fallout of inadequate child care options on family income, employer profitability, and stable revenues.

Last winter, First Five Nebraska commissioned the University of Nebraska–Lincoln's Bureau of Business Research to conduct a study to examine the child care industry's impact on Nebraska's working parents, employers, and state revenue. The findings of that study published in August under the title, *The Bottom Line*, offer an alarming snapshot of what the gaps in our child care infrastructure cost Nebraskans directly and indirectly, pre-COVID-19. (See Appendix E for full report.)

Despite the obvious importance of child care, there are very few supports that make owning or working in this industry a viable career for existing or aspiring educators and entrepreneurs. High employee turnover, low profit margins, and burdensome operating costs represent a serious challenge to the sustainability of many child care programs. Demand for child care typically exceeds the number of providers and slots available in our communities. As a result, Nebraska has suffered from a chronic shortfall in access to child care in all regions of the state.

Nebraska's working parents depend on stable care arrangements that align with their professional schedules and allow them to be present and productive at work. Similarly, employers depend on their workers to be punctual, reliable, and fully engaged with their jobs. Short-term disruptions in child care—such as a provider being unable to open due to illness—are a serious issue when there is no redundancy available for the families who depend on them. Long-term disruptions—such as the permanent closure of a child care program—can result in even more severe financial setbacks for families and employers.

The *Bottom Line* study accounted for direct losses from both short- and long-term disruptions in child care access. Those losses were linked to abbreviated paid hours due to tardiness or early departure from work, full-day employee absences, lost opportunities for professional advancement, lost workplace productivity, and costs of employee turnover, among other factors. The Bureau of Business Research found that gaps in child care availability cost working parents \$489 million and employers \$234 million annually.

Combined with related effects on tax revenues, the total estimated direct loss due to inadequate child care access in Nebraska exceeded \$745 million annually. This does not account for the ripple effect such losses create by reducing economic activity throughout our communities and state. Nor does it account for the additional strains that COVID-19 has placed on Nebraska's child care professions and the industry as a whole.

The child care industry experiences significant challenges even in optimal economic conditions. In the face of an unprecedented challenge such as COVID-19, it is more urgent than ever that we find ways to make our state's child care system more resilient and sustainable if we are to mobilize the workforce we need for economic recovery.

Stephanie Beasley, Director of Children and Family Services, Nebraska Department of Health and Human Services, provided a summary of child care closures, as well as the department's efforts to mitigate the effects of COVID-19 on Nebraska's early childhood workforce.

Since Governor Ricketts' March 2020 declaration of emergency due to the pandemic, 675 licensed child care providers across the state have closed at least temporarily. Of those, 224 of them remain temporarily closed and 63 have closed permanently.

Since the beginning of the COVID-19 emergency, the Department of Health and Human Services has taken a number of actions to serve families and help child care providers. Under Executive Order 20-18, parents were given additional options to access child care providers by suspending limitations on the authorization criteria for in-home child care payments. This executive order also allowed child care providers that were open to continue to receive subsidy payments for eligible children who were absent for their care. This flexibility helped stabilize the budgets of some child care providers who accept the subsidy as payment, sustaining a portion of their income despite the drop in child care utilization due to the pandemic. Additionally, child care providers can receive a subsidy for assisting eligible children with remote learning for the 2020-2021 school year. Benefit recipients whose subsidy eligibility was due for redetermination in April and May had eligibility automatically extended for six months. Finally, DHHS paid full-time child care subsidies to providers who cared for eligible school-age children during the months of March, April, and May.

In April 2020, Nebraska received an additional \$20 million for its Child Care and Development Fund from the federal CARES Act relief bill. These additional funds were used to create a statewide Child Care Referral Network and are also being used to stabilize and maintain the early care and education system: \$9.9 million has been used as provider stabilization grants for Nebraska child care providers; \$4 million has been used for programs for school-age children; \$1 million has been used to incentivize child care providers to reopen their facilities.

Despite mitigation strategies, the department has noticed a significant reduction in the number of children served through the child care subsidy program. In June of 2019, there were approximately 18,025 children receiving child care subsidies. In June of 2020, this number was down to 13,688 children.

Dr. Kathleen Gallagher, Director of Research and Evaluation, Buffett Early Childhood Institute at the University of Nebraska, offered the Committee an overview of two studies she authored in an effort to understand and evaluate how Nebraska child care providers were faring in the context of the COVID-19 pandemic.

The studies surveyed (in March and June 2020, respectively) Nebraska child care providers who reported they were stressed, uncertain about their program's ability to remain open, worried about catching and spreading the virus, and struggling to access cleaning supplies and reliable information. Survey respondents were family child care home providers, as well as owners or directors of child care centers. (See Appendices F and G for the full study reports.)

Keeping their businesses open comes at extremely high personal risk for themselves and their family. If they risk caring for children during the pandemic and become ill themselves, the majority do not have health insurance to cover treatment or a hospital stay. Less than one quarter of Nebraska providers have paid sick leave to cover a two-week illness or quarantine period. Nearly all providers reported a reduction in income, and one in four experienced a reduction of 50% or more of their income.

When asked to estimate how their child care business would survive in the current context, more than half of all respondents said they would probably or definitely close if the pandemic worsened or continued.

Mariah Stowe, Owner, Splash of Color Child Care, discussed her experience as a licensed family home child care provider amid the pandemic. Because she couldn't afford to close, and although it was difficult, she and her husband decided to keep the child care business open even with personal health risks involved. They stayed open with income subsidized from her husband's employment.

In addition to nurturing and educating young children, Splash of Color Child Care was able to help parents stay in the workforce. Half of the children who remained in care were children of essential health care workers in need of child care to continue their work at the Nebraska Heart Institute, Bryan Hospital, and Madonna Rehabilitation Hospital. The other half were children of parents who could not perform their employment at home.

Diane Temme Stinton, Chief Executive Officer, TMCO, discussed benefits offered at TMC O and the importance of affordable, quality child care.

In 2019, TMC O began connecting working parents of young children to affordable, quality services. The company did this through a partnership with early childhood education programs, providing early enrollment opportunities, and by offering a subsidy up to 55% to offset the cost.

Young, working parents are a vital segment of our statewide workforce. Nebraska will cease to be an attractive place to work if these parents are forced to make choices between their employment and their families. TMC O has seen the loss of valuable employees in situations where the cost of child care exceeded the benefit of employment. Companies are affected by limited child care options. If COVID-19 would threaten closure of child care and early childhood education facilities due to less enrollment, loss of income, or for safety reasons, the effect on TMC O's workforce would be catastrophic. Nebraska cannot afford for these things to happen if we hope to recover from COVID-19 and stay on track for economic growth.

Summary – Letters For The Record

Jeff Yost, President and CEO, Nebraska Community Foundation, provided a letter of support to the Committee. In the letter, he discussed his work on the Nebraska Early Childhood Workforce Commission and his role as president and CEO of the Nebraska Community Foundation. He stated that one of Nebraska's most valuable products is our ability to create

opportunity that will enable us to keep talent and resources in our state and encourage young people to return to their hometowns when it is time to start families of their own.

Quality early care and learning programs are creating transformative change for children, families, and communities. This includes places such as Columbus, Pender, and his own hometown of Red Cloud, where The Valley Child Development Center has played a key role in anchoring young families and entrepreneurs in Webster County.

The work at the Nebraska Community Foundation is built upon the idea that every hometown can and should benefit from the abundance of ingenuity, resourcefulness, and talent our state offers. Expanding high-quality early care and learning throughout Nebraska is fundamental to that idea.

Robin Dexter, Associate Superintendent, Grand Island Public Schools, provided a letter of support to the Committee. In it, he shared that one third of the 785 students entering kindergarten in any given year access preschool services through the district, one third utilize private child care prior to kindergarten, and one third do not have access to any type of early learning program prior to entering kindergarten. Kindergarten teachers report a notable difference in the performance of students who do not have quality early learning experiences prior to kindergarten.

The Hall County Community Collaborative (H3) has stepped up to provide additional support to local early care and education providers impacted by the pandemic by offering cleaning supplies, food, milk, social-emotional learning activities, stress relief activities for staff, and stipends to help providers remain open.

The Grand Island community continues to grow in population, business, and industry. However, they continually lose early childhood providers due to wages, insurance, and cost of operation. The data collected and summarized in the Nebraska Early Childhood Workforce Commission report provides guidance moving forward.

Rachel Sissel, Assistant Vice President, Nebraska Children and Families Foundation (NCFE), submitted a letter of support for LR 390. In her current role at NCFE, Sissel helps raise public awareness about early childhood by working directly with communities. Through her work she has seen more and more Nebraskans recognize early childhood as not only a vital piece of child development but also related to their community's ability to thrive.

Sally Hansen, Board Director, The Valley Child Development Center, wrote a letter of support for LR 390. The early care and learning services provided by The Valley Child Development Center are very important to Red Cloud and its surrounding communities because it is the only licensed child care center within a 20-mile radius. The nonprofit child development center was created for all children, with affordable, reliable, high-quality services.

At the start of the pandemic, the board of directors made the tough decision to continue to safely serve families of emergency and essential workers who needed child care and learning services. They also decided to retain all members of their high-quality staff. Stability of high-quality staff

means consistency for children, which is of the utmost importance for a child's sense of security and development. The center is now serving all children.

Prior to the pandemic, the center's sustainability was a constant concern. And now, as they serve all children once again, they haven't experienced the growth they would have due to some parents deciding not to return as they found cheaper, unlicensed child care during the initial shutdown, lost their jobs, or remain on high alert due to the pandemic.

Early childhood must be a priority for the well-being of Nebraska's children and families and our state's economic growth.

Nici Johnson, Educational Service Unit 13, wrote a letter of support for LR 390. She writes that she appreciates the resolution because it shows the coaching staff at ESU 13 in the programs of Sixpence Child Care Partnerships, Rooted in Relationships, and Panhandle Early Learning Connections that their work matters. As the director of early childhood at ESU 13, she spends a lot of time reminding her staff of the good work they are doing in helping to support Nebraska's youngest citizens and the people who provide care and education to them.

Her staff has been working very closely with local child care providers through the impacts of the pandemic. COVID not only caused many programs to close early on, but it has also made it difficult to keep the doors open due to the following:

- limits on classroom sizes
- providers who are not able to be at work because they are taking care of their own children's education while they are at home
- illness and quarantine absences, loved ones in their own homes (Family Home Providers) who are at high risk for the complications of COVID and so are not able to reopen
- loss of income due to parents losing their jobs
- the high costs of groceries that are impacting all families make it difficult for child care programs to provide the same healthy meals at the same reimbursement rates in state food programs

John Spatz, Executive Director, Nebraska Association of School Boards, submitted a support letter representing 260 member school boards and educational service units. School boards recognize the very direct impact the early years have on student performance in K-12. Ten years ago, NASB members were focused on student performance beginning in kindergarten. Now, they have high interest in quality early learning experiences prior to kindergarten—in both preschool settings and private child care.

Recently, NASB members adopted the following resolution: NASB will support early childhood education programs at the community level, which may include redefining economic development programs to include early childhood infrastructure development for communities and will support early childhood programs as an element in community comprehensive plans.

Of the many issues considered this year, and especially during the pandemic, there may be none as important to Nebraska in both the short and long term as early childhood education. NASB stands ready to assist the Legislature on early childhood issues.

Saffron Buettner, Grand Island Coordinator, Communities for Kids, wrote a letter of support for LR 390. In the letter, she writes that Grand Island and the greater area of Hall County continue to demonstrate a high level of support for early care and education.

The Grand Island Communities for Kids leadership group has helped guide their community through various child care challenges. For instance, they found many parents had to leave their infant children at home in the care of their older siblings so they could go to work. The leadership group helped train 49 students, with an average age of 12, to become certified babysitters. Much of this need was because child care programs were either closed or needed to drastically reduce their capacity of care to stay within health guidelines. At one point, 15% to 30% of their licensed facilities closed, with at least five out of 86 licensed programs closing their doors permanently.

These statistics of Hall County demonstrate that early care and education issues are a necessity to be addressed not only at the local level, but at the state level as well. When parents go to work feeling confident that their young child is safe, well cared for, and has nurturing relationships, they will be more productive employees.

Matthew Blomstedt, Commissioner of Education, and **Maureen Nickels, President of the State Board of Education**, submitted a joint letter of support reminding the Committee of the Nebraska Department of Education's stance on early childhood education. Successful early childhood programs are ones that:

1. Provide the level of quality that meets the needs of all children to be ready for kindergarten and ensure those children gain the skills and knowledge to be successful throughout their elementary and secondary education.
2. Engage parents as a child's first teacher.
3. Respond to unique, local needs often done when the community comes together, and increasingly, in school-child care partnerships that continue to emerge and show promising results.

Two hundred-thirty of 244 Nebraska school districts operated an early childhood education program during the 2019-2020 school year. Early childhood is a skilled profession, and research shows the early childhood professional is the single most important difference maker when it comes to a quality early childhood experience.

School districts understand they can't meet the early learning needs of all children prior to kindergarten and recognize the critical role child care providers play in helping to meet the needs of families across the state in ways that offer parents a choice that best fits their child, as well as their schedule and geographic location.

Prior to COVID-19, the early childhood system was fragile. Those who work within it face significant challenges. COVID-19 has made a fragile situation worse for the entire workforce,

especially for our partners in child care. When schools close, the early childhood programs operating in schools typically do as well. Early childhood teachers in schools have sick leave, health insurance, and other benefits that child care providers often do not have, so the pandemic and economic uncertainty have potentially had a different and more negative impact on some members of the early childhood workforce than on others.

The Nebraska Department of Education has partnered with our colleagues at the Nebraska Department of Health and Human Services for decades on early childhood efforts to coordinate and administer programs together. NDE is committed to continuing that partnership and also to work with the Legislature to strengthen Nebraska's early childhood system to meet the needs of children and families in ways that communities and taxpayers can get behind.

Catherine Lang, State Director, Nebraska Business Development Center (NBDC), sent a letter of support for LR 390. NBDC supports the state and growth of business across Nebraska. The center offers one-on-one consulting to its clients. Its services are confidential, consultative, and at no charge. The center helps businesses in developing the business acumen to succeed and grow. The center's clients represent all areas of industry, which gives it a distinctly well-informed understanding of how the small business ecosystem works in Nebraska.

One of the most significant insights NBDC staff has gained through this work is that high-quality child care programs play an integral and unique role in that ecosystem. As a small business themselves, independently owned and operated child care programs stimulate economic activity among other small businesses as producers and consumers of locally sourced goods and services. In a larger sense, access to affordable, high-quality child care programs makes it possible for existing business owners and aspiring entrepreneurs to invest their time, skills, and resources in achieving their own professional ambitions and providing for their families and employees.

The center's ongoing work with child care owners revealed the severe and complex obstacles these programs face in an increasingly uncertain marketplace. Low profit margins, high turnover, and inadequate connections to the broader business community undercut the viability of these programs as small businesses. While the NBDC is fully equipped to assist providers through consultation and advisement, it is also clear that more comprehensive efforts will be required to promote the sustainability of high-quality child care programs in Nebraska.

The survival of small business in Nebraska is fundamentally tied to the survival of independently owned and operated high-quality child care programs. They are needed not only to spur economic activity and recovery in the short term, but also to create a stronger culture of entrepreneurship for our state in the decades ahead.

Sarah Ann Kotchian, Chief Operating Officer, Nebraska Early Childhood Collaborative, sent a letter of support outlining the collaborative's efforts to assist child care providers based on shared services principles. Among other services, their work on behalf of the early childhood workforce includes finance administration, accounting, human resources, professional development, coaching and training, and emergency economic assistance. They have increased their efforts due to the COVID-19 pandemic, which has caused great financial strain for child care providers.

The Nebraska Early Childhood Collaborative looks forward to sharing a landscape analysis of capital currently available to child care businesses in Nebraska in the coming year.

Summary – Local Input (Nebraska Child Care and COVID-19 Statewide Survey Results)

Because the COVID-19 pandemic impacted the Committee’s ability to gather community feedback in what otherwise would have been public hearings across the state, Chairman Stinner released two surveys on September 14, 2020. The first was geared to Nebraska parents. The second, to Nebraska employers. Both were publicly available until November 11, 2020, and invited respondents to answer questions and share their thoughts on the impact of COVID-19 specifically around child care issues.

The survey was promoted at the annual Thriving Children, Families, and Communities Conference and on social media across the state. Respondents accessed the survey through an online link. Only parents with children under the age of 13 were eligible for the survey and business owners who had employees with children under the age of 13. Participants were asked a series of questions about the impact of COVID-19. (See Appendix I for list of survey questions.)

The final sample consisted of 1,050 parents and 177 business owners. Parent respondents from every legislative district participated, with the exception of Legislative District 45. The largest number of respondents came from Legislative District 19 ($n=67$) and Legislative District 1 ($n=66$). For the other districts, the number of parent respondents ranged from two to 52. The majority of parents responding to this survey were white (94.8%), not Hispanic/Latino, and female (92.3%). Of these parents, 77.5% had children under 6 and 57.8% had a child between the ages of 6 and 13. Parents may have had a child in each age range. The largest number of business owner respondents came from Legislative District 43 ($n=13$) and Legislative District 21 ($n=13$). The remaining districts had business owner respondents ranging from 0 to 10. No respondents participated from Legislative Districts 5, 13, 31, 39, and 49.

The following is a summary of survey findings.

Impact of COVID-19 on Parents

Parents reported multiple issues with child care since mid-March because of COVID-19. They had to change work schedules, child care arrangements, and deal with unmet needs. This parent from Lancaster County summarizes the overall difficulties of family life during the pandemic. “I needed to get full-time care for a school-aged child who wouldn't normally need daytime child care. My job in public health requires long focused periods of work, especially right now, and I cannot do that work with my younger two children at home. I ended up financially sacrificing a huge amount of money for my school-aged child to be in child care that would not typically be necessary if schools had remained open.”

- Since March 15, 2020, half of the parents (51.52%) had to miss work because of child care issues and another 25% had to depend on family, friends, or neighbors for child care.

- Many responding parents (43.71%) had to reduce their work hours because of child care issues and another 26.48% had to depend on family, friend, and neighbors for child care.
- Almost three fourths of parents responding to this survey (73.81%) had to adjust their child care arrangements due to COVID-19.
- Over one third of parents (38.10%) responding to this survey do not have sufficient child care for their needs, including evenings and weekends.
- Of those parents with a school-aged child doing remote learning (22.19%), two thirds (66.9%) do not have child care arrangements that can meet those needs.

Parents were asked two open-ended questions about the impact of COVID-19 on their lives. Several themes were identified in these responses. Parents responding to this survey are struggling with balancing care for their children and work. They are working from home, adjusting their work schedules, changing child care arrangements, and depending more on friends and family for care, including older children in the family. The quotes below illustrate some of the family struggles occurring across the state.

- “My oldest child (11 years old) has had to take on more responsibility for watching her younger brother (6 years old). We also have had to give her more responsibility with accessing a cell phone more freely before we really wanted to.” (Parent in Sarpy County)
- “My third grade[r] is showing the beginning signs of depression. Seeing this, we have been trying what we can to help him. But honestly he just wants to be with his friends.” (Parent, no county reported)

For the Nebraska parents responding to this survey, stress is becoming overwhelming. The balance of work, caring for young children, supporting school-age children, and dealing with financial challenges is straining for parents.

- “It has made it extremely hard to be a good mom and a good wife, all while trying to be a good employee. ... It's been hard. It's been draining. Above all, it's been financially debilitating.” (Parent in Buffalo County)
- “My child had to go to the family farm, which then we his parents could not see him daily since we had to work and the commute costs.” (Parent in Dawes County)

Parents responding to the survey reported multiple financial struggles. Additional child care costs and reduced work hours impacted many families across the state. Parents are having trouble finding child care, paying for child care, and they face additional expenses with school-age children in care. Some parents have contracts requiring them to pay for child care spots even when their child is not in attendance.

- “I ended up having to leave my job as we couldn’t consistently find child care between shutdowns and quarantine.” (Parent in Kearney County)
- “Due to COVID-19 I was unable to secure child care for my oldest when schools shut down and after the birth of my youngest in May the day care I had secured for him unfortunately would not take him until he was 3 months old and undergone his first round

of immunizations. So ultimately had COVID not shut schools down I would have only had to take eight weeks off (what I had planned on) but because of COVID I was forced to take five months.” (Parent in Cedar County)

- “I had a newborn and I had to take six weeks off before I had the baby because of COVID and being at high risk to get it. And then had to take 12 weeks off after that because day care would not take the baby because of the high risk of COVID. And it cost me to lose my spot at the day care for my child. And I also got fired from my job for taking over the extended leave. Because COVID and family medical leave are under the same law so I lost my job for taking over 12 weeks of leave so that even hurt my family financially. And then our grocery store wouldn't allow children in, so with their dad working long hours to cover the amount I would of made, I couldn't even go and get groceries because I could not leave all four kids in the car, specially a newborn without getting in trouble with the law. So it was a real hard struggle.” (Parent in Boone County)

Despite daunting challenges, Nebraskans are resilient, working together, and being creative to meet the needs of their families and children across the state.

- “My hours have expanded but thanks to my quality provider she has been there for me through all the changes.” (Parent in Lincoln County)
- “My 6-year-old son is autistic. It's a bit difficult for him to keep a mask on long periods of time. Not to mention underlying conditions which have us worried on what to expect with COVID. Because of this we decided to homeschool him this school year. I'm just grateful to be able to stay home with him. We are also grateful that our school system is able to keep in touch and work with us during this time and continue with his IEP.” (Parent in Dawson County)
- “I had to travel 30+ miles to a job and put my kids in a day care I feel isn't up to par to already leave my job because I couldn't find day care in the town I traveled to that was open on weekends!! I've decided to open a day care in Frontier County waiting on a grant application to be approved to move forward on achieving my goals to help people in my county to have quality, affordable and reliable day care so we don't have to go 30+ miles one way to find work and day care.” (Parent in Frontier County)

Impact of COVID-19 on Business Owners

Of the 177 business owners who responded to the survey, most were small businesses. Slightly over half (54.8%) had between one and 19 employees and their monthly revenue was under \$100,000. When asked about the impact of COVID-19 on their employees, business owner respondents reported significant impacts. Over three fourths (78%) of the business owners have made changes to employee shifts or schedules because of child care arrangements and 70.6% have employees who have been late, missed, or left work because of child care problems.

When asked about impacts on their businesses due to COVID-19, business owners responding to this survey emphasized the changing schedules, routines, and financial difficulties they

encountered. These difficulties are creating fears of long-term impact on their businesses and community as the quotes below illustrate.

- “Some parents of young children are taking them to work or a friend's house or grandparent because several day cares have shut down due to COVID. Some are using unlicensed homes just to find a place for child care so they don't miss work. I'm afraid some families have considered moving away if we can't offer high-quality, reliable child care in Ainsworth.” (Business owner in Brown County)
- “When children or providers are quarantined, we are without employees for the two-week period. I have lost employees due to them wanting/needing to stay home from lack of child care or having to homeschool.” (Business owner in Brown County)
- “Incredible stress leading to lower productivity.” (Business owner in Buffalo County)
- “It's just caused my business to be closed for over five months and it's been hard getting benefits.” (Business owner in Hall County)
- “Not enough paid time off to care for a child that tested positive. Or not enough paid time for 14 days off if a parent or their kid tested positive.” (Business owner in Buffalo County)

Some of the business owners who responded to the survey are child care providers. They have faced a double bind of caring for children and trying to maintain their business stability.

- “As a center we try to help the staff as best we can with child care. But they are experiencing fear, financial stress due to not knowing if they can continue on partial unemployment, which would help because they can manage work, children, and school. Many have problems with the internet and being able to afford it when children do virtual homework. They worry about getting COVID and how to afford not working and being out for 14 days.” (Child care provider in Custer County)
- “We are a day care center, so we have had to cut hours to be able to maintain staff and pay them. Our payroll expenses are EXTREMELY high to follow the county DHM's appropriately. Our staff are burned out and need a break. Staffing with the new FBI background checks is a nightmare. The grants that have been coming in are helpful but far too minimal to make a difference in this pandemic with all the DHMs. We do have openings so for families in our area to use the excuse of not finding high-quality care is not accurate.” (Child care provider in Dodge County)
- “Taking more precautions, and less children for income.” (Child care provider in Hall County)
- “It's very hard as a parent as well as a child care home to have to close down any time one of my children has a slight fever and fear that we may have COVID. It has also been

hard to pay bills when families have had to quarantine due to possible exposures!” (Child care provider in Dawes County)

Both surveys reveal severe challenges—missing work, reducing hours, shifting schedules, financial difficulties—facing parents and employers alike, challenges with significant implications for Nebraska’s workforce and the health of the state’s economy. Understanding and addressing these challenges can position the state to make strategic investments and set policies that allow Nebraska to see the other side of this pandemic from a position of strength.

Committee Findings

1. Early childhood care and education are crucial for children’s development and success in school and life, and provide essential support for working parents, who are vital to Nebraska’s economy and growth.
2. Because so many Nebraska parents (and especially women) work, the state boasts the lowest unemployment rate in the nation (2.7% in October 2020).ⁱ
 - In Nebraska, 73% of children under the age of 6 live in homes where all adults in the family work outside the home.ⁱⁱ
 - Tied with three other states, Nebraska ranks first for the highest percentage of children with all available parents in the workforce.ⁱⁱⁱ
 - 70% of mothers with infants and toddlers are in the labor force in Nebraska.^{iv}
 - Nebraska’s total monthly labor force in October 2020 was 1,029,141 persons. Of those, 1,001,265 were employed and 27,876 were unemployed.^v
3. Nebraska faces a child care shortage, which has direct ramifications for the state’s economy. Prior to the COVID-19 pandemic, many communities already lacked sufficient and affordable early childhood care and education options.
 - 11 Nebraska counties had no licensed child care options.^{vi}
 - 91% of Nebraska counties lacked sufficient child care options to meet the needs of families living in the county.^{vii}
4. The negative impact of the COVID-19 pandemic on licensed child care providers has direct impact on the ability of local communities to respond to the needs of working parents.
 - To date, 231 licensed providers (not including license-exempt providers) across the state have permanently closed during the COVID-19 pandemic.^{viii}
 - 89 of 93 Nebraska counties have more children under age 6 living in the county than the number of licensed child care slots.^{ix} Only Douglas, Fillmore, Gosper, and Hooker Counties have sufficient licensed child care slots available for all children under the age of 6.^x
 - Of the 89 counties with licensed child care shortages, 12 counties now have zero licensed child care slots available anywhere in the county. Those counties are: Arthur, Banner,

Blaine, Boyd, Hayes, Keya Paha, Logan, Loup, McPherson, Sioux, Thomas, and Wheeler.^{xi}

5. The fiscal and economic effects of the COVID-19 pandemic have been severe on the entire early childhood care and education sector. According to respondents of a statewide survey of all licensed child care providers conducted in June 2020:^{xii}
 - 51% of Nebraska child care providers who responded reported that without financial assistance they would probably or definitely close if the COVID-19 pandemic continued or worsened.
 - 1 in 4 providers has seen their income reduced by over 50%.
 - Almost all providers have experienced decreased enrollment, with greater enrollment reductions for center-based providers.
 - In the event of illness resulting from COVID-19, fewer than 1 in 4 providers has paid sick leave.
 - Most providers are experiencing symptoms of stress, such as changes in sleep, difficulty concentrating, social isolation, and anxiety about the future.
 - Most providers (87%) would apply for financial assistance, if offered. Fewer than 1% say they would not seek additional financial assistance.
 - The majority of providers (59%) reported using the temporary child care subsidy rule allowing providers to bill when enrolled children are absent.
6. Between September and November 2020, 177 (mostly small) Nebraska businesses responded to a statewide survey regarding the impact of employee ability to access adequate child care during the COVID-19 pandemic.
 - 78% of respondents made changes to employee shifts due to child care issues.
 - 71% of respondents have had employees miss work due to child care issues.
7. In a 2019-2020 pre-COVID study conducted by the Bureau of Business Research at the University of Nebraska–Lincoln, insufficient options for stable, reliable child care take a heavy toll on Nebraska’s working parents, employers, and state revenues—nearly \$745 million annually in direct losses.^{xiii}
 - \$489,383,432 direct losses to working parent income (including losses from absenteeism, turnover/job loss, remaining part time, reducing hours to part time, and forgoing promotions)
 - \$234,372,147 direct losses to employers (including losses from absenteeism, workplace productivity, and employee turnover)
 - \$21,100,807 direct losses to state tax revenues (including losses from absenteeism, turnover/job loss, remaining part time, reducing hours to part time, and forgoing promotions)
8. To design an early childhood system built to support the size of the state’s economy, Nebraska would need to invest an estimated 0.75 of 1% of total GDP.^{xiv} This would ensure

that all Nebraska children have access to quality early childhood care and education in the setting their family chooses for them and would be based on what the family can afford.

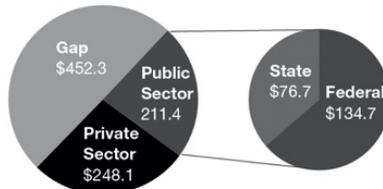
9. The money used to finance early care and education comes from both the public and private sectors. Public-sector contributions include federal, state, and local government funds. Private-sector contributions are primarily made up of the money families spend on tuition and fees charged for services rendered, but also include funds from the business and philanthropic communities.^{xv} (See Appendix C for full explanation of Nebraska’s current investment in early care and education.)

10. The Nebraska Early Childhood Workforce Commission estimates Nebraska’s total investment (FY17) in early care and education to be \$459.6 million annually with 46% (\$211 million) coming from the public sector and 54% (\$248.1 million) coming from the private sector. The State of Nebraska invests \$76.7 million annually, contributing 17% of the total current investment. While nearly \$77 million is a significant contribution, it is evident state government is not carrying the fiscal burden of the entire early care and education system.^{xvi}

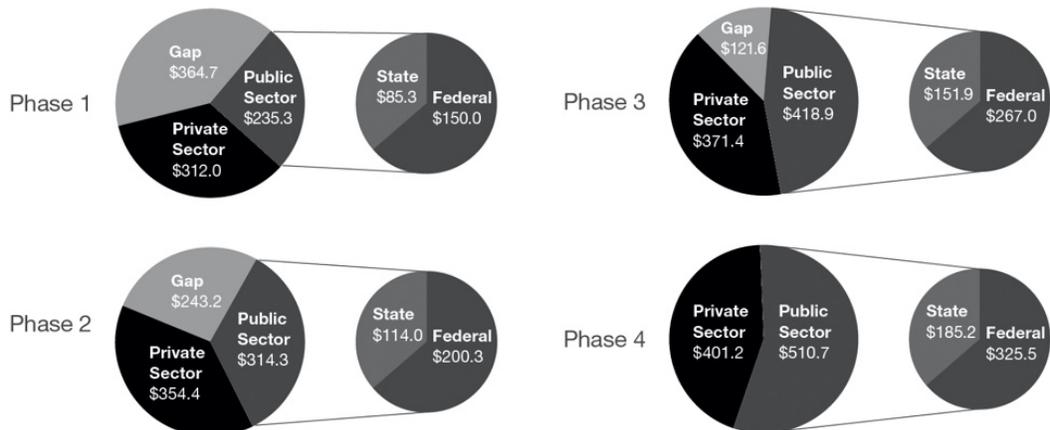
11. Accounting for the \$459.6 million (FY17) estimated to be the current investment, an additional investment of \$452.3 million is needed to build a high-quality early care and education system to support the size of Nebraska’s economy. Because the funds needed (from federal, state, local, and private sources) to bridge this gap will not materialize immediately, the Nebraska Early Childhood Workforce Commission developed a phased approach in which funding, as a proportion of GDP, increases incrementally over time, as follows.^{xvii}

Phased Approach to Full Funding (In Millions)

CURRENT



PROPOSED



12. Public- and private-sector investments should be calibrated to the size and complexity of the economy the system is intended to serve.

Committee Recommendations

In accordance with the findings of this report, the Appropriations Committee recommends the Nebraska Legislature take the following steps:

1. Express the Legislature’s appreciation to members of the early childhood care and education workforce for their efforts in providing care and education to Nebraska’s youngest citizens throughout the COVID-19 pandemic. Their efforts have ensured that Nebraska parents were able to stay employed, businesses were able to stay open, and that our state’s economy could continue to thrive during the most challenging public health crisis of our time.
2. Acknowledge the essential role that early childhood care and education plays in our state’s economy and the importance of its availability and infrastructure in communities across the state.
3. Explore the policy implications of and steps necessary to fund the early childhood care and education system based on the size of Nebraska’s economy.
4. Explore and evaluate public- and private-sector financing options for the early childhood care and education system. Consider a phased approach for fully funding the early childhood care and education system commensurate with our state’s economy and growth.

ⁱ Nebraska Department of Labor, Labor Market Information, Local Area Unemployment Statistics.

ⁱⁱ American Community Survey 5-year averages Table B23008 retrieved from Kids Count Data Center, <https://datacenter.kidscount.org/data/tables/8187-children-under-6-with-all-available-parents-working?loc=29&loct=5#detailed/5/4320-4412/false/871,870,573,869,36,868,867/any/15682,19568>

ⁱⁱⁱ North Dakota, Minnesota, and Iowa share this top ranking with Nebraska. Data derived from 2018-2019 American Community Survey Table B23008 as reported by the Annie E. Casey Foundation, Kids Count Data Center.

^{iv} State of Babies Yearbook for Nebraska, 2019

^v Nebraska Department of Labor, Labor Market Information, Local Area Unemployment Statistics.

^{vi} Kids Count, 2019

^{vii} Kids Count, 2019

^{viii} Email communication, 11/20/2020, from DHHS, Department of Public Health

^{ix} Note: Number of slots reflects the number of children for which an establishment is licensed if operating at full capacity. In Nebraska, many establishments are not able to operate at full capacity due to unfilled teacher/provider positions. The figures provided in this report do not reflect the constraints on capacity resulting from Nebraska’s early childhood workforce shortage.

^x Email communication, 11/20/2020, from DHHS, Department of Public Health

^{xi} Email communication, 11/20/2020, from DHHS, Department of Public Health

^{xii} Daro, A., and Gallagher, K.C. (2020). *The Nebraska COVID-19 Early Care and Education Provider Survey II: Experiences, Economic Impact, and Ongoing Needs*. Buffett Early Childhood Institute at the University of Nebraska.

^{xiii} *The Bottom Line: Economic Impacts of Inadequate Child Care Access in Nebraska*. Released 8/4/20. Bureau of Business Research, University of Nebraska-Lincoln.

^{xiv} Sarver, S.L., Huddleston-Casas, C., Charlet, C., & Wessels, R. (2020). *Elevating Nebraska's Early Childhood Workforce: Report and Recommendations of the Nebraska Early Childhood Workforce Commission*. Omaha, NE: Buffett Early Childhood Institute at the University of Nebraska.

^{xv} Sarver, S.L., Huddleston-Casas, C., Charlet, C., & Wessels, R. (2020). *Elevating Nebraska's Early Childhood Workforce: Report and Recommendations of the Nebraska Early Childhood Workforce Commission*. Omaha, NE: Buffett Early Childhood Institute at the University of Nebraska.

^{xvi} Sarver, S.L., Huddleston-Casas, C., Charlet, C., & Wessels, R. (2020). *Elevating Nebraska's Early Childhood Workforce: Report and Recommendations of the Nebraska Early Childhood Workforce Commission*. Omaha, NE: Buffett Early Childhood Institute at the University of Nebraska.

^{xvii} Sarver, S.L., Huddleston-Casas, C., Charlet, C., & Wessels, R. (2020). *Elevating Nebraska's Early Childhood Workforce: Report and Recommendations of the Nebraska Early Childhood Workforce Commission*. Omaha, NE: Buffett Early Childhood Institute at the University of Nebraska.