

2025 Planning Committee Report

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The goals of the Planning Committee sessions during the 2025 Interim were to examine areas of interest that were highlighted by a survey the committee conducted during the 2025 Legislative Session. The top three topics identified by this survey were housing and demographics, childcare, and technology and cybersecurity.

Results from survey:

Percentage that agree or disagree, the Planning Committee of the Nebraska State Legislature should conduct further study on a topic.

	Agree	Maybe	Disagree
Criminal Justice Reform - prison overcrowding, staffing, rehabilitation and reentry	62.2%	27.0%	10.8%
Early-Childhood Education / Childcare – quality, availability, accessibility, pre-kindergarten access, childcare workforce	63.2%	31.6%	5.3%
Housing – accessibility, affordability, middle-income/workforce housing, preservation, in-fill development, mixed-use, missing-middle, land audits	76.3%	18.4%	5.3%
Population Attraction and Retention - brain drain, immigration, aging in place, housing incentives (for example, Tulsa), internship programs connecting students to workforce opportunities	63.2%	26.3%	10.5%
Property Taxes/Appraisal Process - property tax rates, appraisals, credits	63.2%	28.9%	7.9%
Rural Economic Development – broadband access, community facilities, small business development, agri-business development, tax incentives	57.9%	36.8%	5.3%
Technology and Cybersecurity - A.I. response/legislation, kids and public cybersecurity awareness and education, cybersecurity of state assets and private assets	57.9%	34.2%	7.9%
Transportation and Infrastructure – road quality, rural transit, urban transit, airports, rail, disaster resilience	50.0%	44.7%	5.3%
Urban and Suburban Economic Development – business parks, entrepreneurship, business attraction and retention, business tax incentives, innovative start-up development, grant competitiveness	43.2%	40.5%	16.2%
Water - quality, quantity, infrastructure, agriculture needs	64.9%	29.7%	5.4%
Workforce – growth and change in the 3H workforce, career and technical education, creating jobs, competitive pay, knowledge economies, cluster development, STEM workforce, technology workforce	73.7%	18.4%	7.9%

JULY: DEMOGRAPHICS AND HOUSING IN NEBRASKA

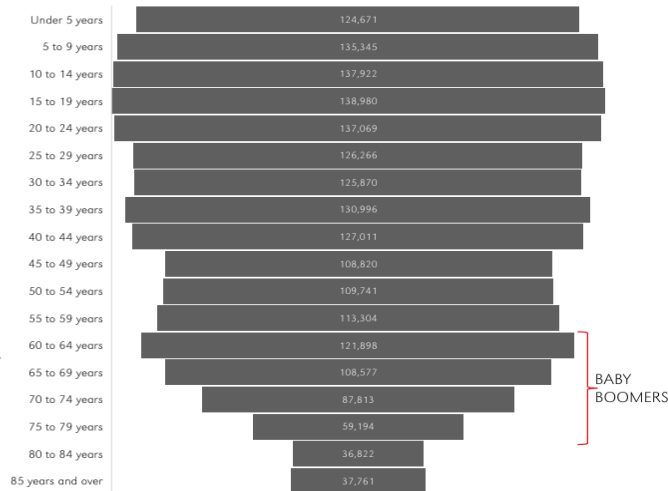
We began in June by examining demographics in Nebraska presented by Dr. Gatti Schafer, Director of the University of Nebraska at Omaha, Center for Public Affairs Research.

Over the past decade, 2010 to 2020, Nebraska’s population grew by 7.4%, but 69, largely rural counties lost population. Since the 2020 Census Nebraska has continued to grow, recently surpassing 2 million in population, according to population estimates from the U.S. Census Bureau. Notably, since 2020 we see growth throughout the state, in contrast to only a few metropolitan and micropolitan counties in the last decade. While there is growth, this is largely accounted for by changes to the methods used by the U.S. Census Bureau to estimate the foreign born population. This increase in population is not due to an influx of immigration, but updated estimates that revised the number of international migrants in all states. Despite growth in some rural counties, in 2024, 66% of the population lives in only 12 metropolitan area counties, meaning more of the population live in urban areas as compared to rural areas of the state.

The population grows in three ways, 1. natural change, 2. international migration, and 3. domestic migration. All three were explored in detail and over time in Nebraska.

Natural change (births minus deaths) is a consistent source of positive growth in Nebraska, since 2010. The chart shows the population by age group demonstrating that the under age 5 grouping is greater than the over 85 age group – positive natural change. However, as people live longer and have fewer children the ratio between aging adults and those under age 5 has declined, it was 5-to-1 in 1980 and now only 3-to-1.

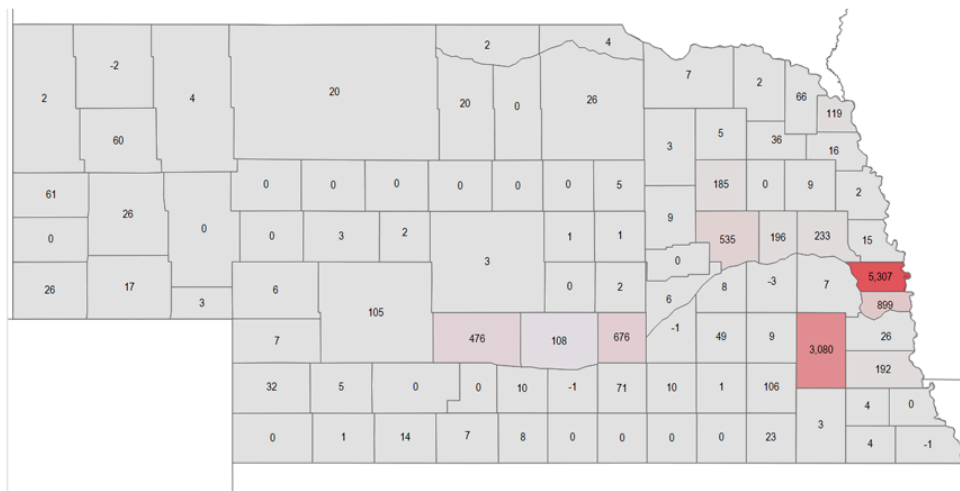
The current ratio of under age 5 to ages 85 and over is about 3 to 1 Nebraska population in 2023 by age groups. In 1980, the ratio was about 5 to 1.



The second way population change occurs is net international migration. While changes to the methodology make it hard to compare the current numbers to previous years, international migration has been a small but consistent source of growth throughout the state, since 2010. The map shows the estimate of new international migrants by county 2023 to 2024. Many counties in Greater Nebraska grew through international migration.

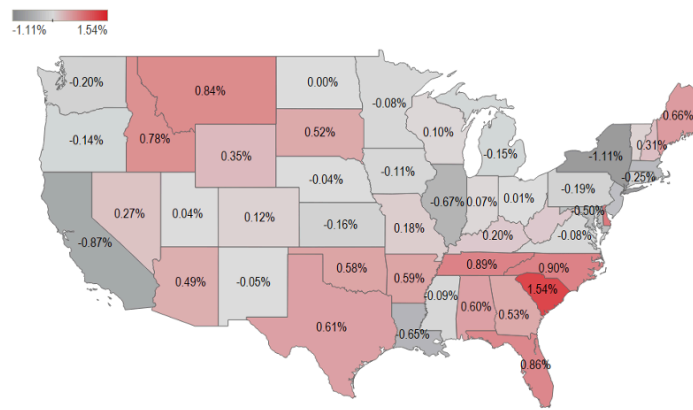
International net migration is a small but positive source of growth for many Nebraska counties

Net international migration estimate by county 2024



The third way a population can grow is through net domestic migration (people moving from state to state). Since 2010, Nebraska has lost more population to other states than it has gained. That is not to say some don't move here, just that more move to other states each year, a net loss. Most of the Midwest has had net domestic out migration. Including nearby Iowa and Kansas who had greater net domestic out migration as percentage of the total population. Notably, the presentation demonstrated that many leave rural counties in Nebraska, not for other states, but for metropolitan areas of Nebraska.

Nebraska's recent decrease in domestic net out-migration, while still negative, fares better than some in the Midwest
Net domestic migration by state as a percent of total population in 2023



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Dr. Schafer and the team at UNO Center for Public Affairs Research have further researched the demographics, who are leaving Nebraska in greater detail. Those most likely to leave the state include:

- Those with a bachelor's degree or more.
- Those in the prime workforce ages, notably 30-34.
- Those that earn \$75,000+
- Those in computer, engineering, and several other STEM careers.

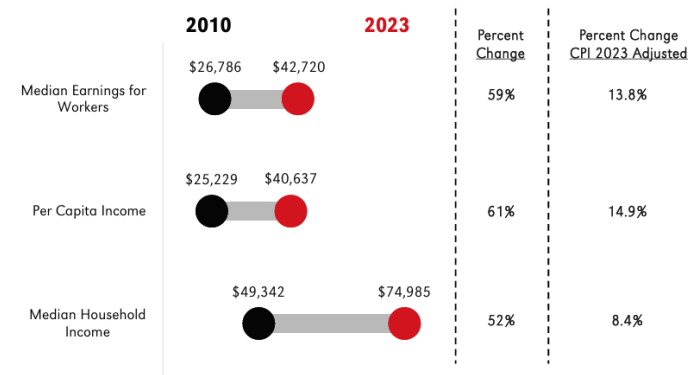
These findings, along with other surveys, indicate that when people leave Nebraska they often do so to pursue workforce opportunities. Dr. Schafer noted that while the state has many open jobs, according to the Nebraska Department of Labor's listing of open jobs in the month of June on the NEWorks website, they are often low wage and not a fit for the workers most likely to leave the state.

The conversation then turned to exploring the workforce, a topic 73.7% of Senators expressed interest in learning more about.

Nebraska has a high labor force participation rate, high employment rate, and low unemployment. In fact, Nebraska tops the states for many metrics that demonstrate the Nebraska population is hard at work. While this has some benefits to the state, it is important to examine what type of work they are doing to understand the broader economy. Currently, in Nebraska more work in low wage occupations, defined as below the median wage for the entire state, than work in high wage jobs. The most recent data release for median earnings is \$42,720. This is a 59% increase from 2010; however, when adjusted for inflation it is only about a 14% increase.

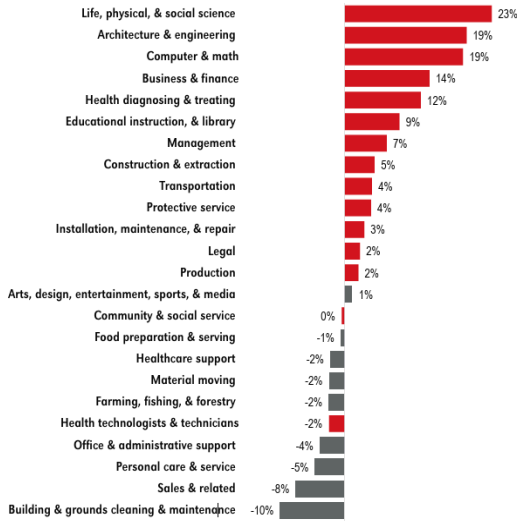
Earnings have increased for Nebraskans

Earnings metrics 2010 to 2023, percent change and CPI 2023 adjusted real change



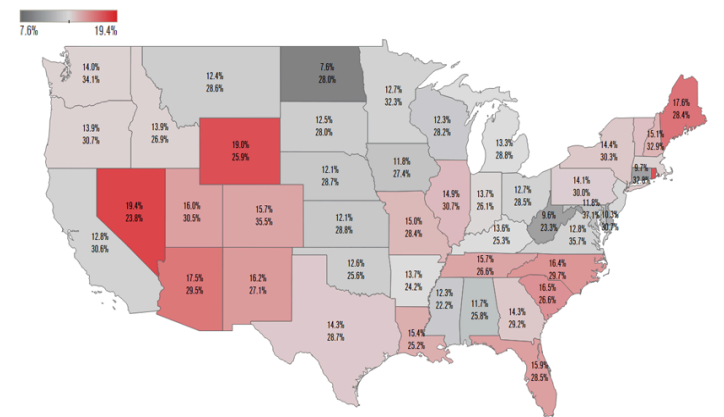
High skill, high wage jobs are in high command, as a growing number of workers are employed in these jobs since 2018 compared to a slight decrease in many lower wage jobs. Yet, job opportunities are growing faster in other states. As high skill, high wage jobs grow in other states we might expect market effects to take over – in particular businesses in other states are likely to attract more workers, necessitating increases in wages that could result in greater outmigration of Nebraska talent as they are offered more for the same work in other states.

High skill, high wage occupations are also high demand, they have grown at higher rates than low wage occupations
Change in number of persons employed by occupation 2018 to 2022
High Wage
Low Wage



Source: U.S. Census Bureau, American Community Survey, 5-year Estimates, 2022

While the highest wage jobs are growing in Nebraska, they are growing faster in other states
Percent change in highest wage jobs (\$60,000+) 2018 to 2023 by state & percent of the workforce in high wage jobs



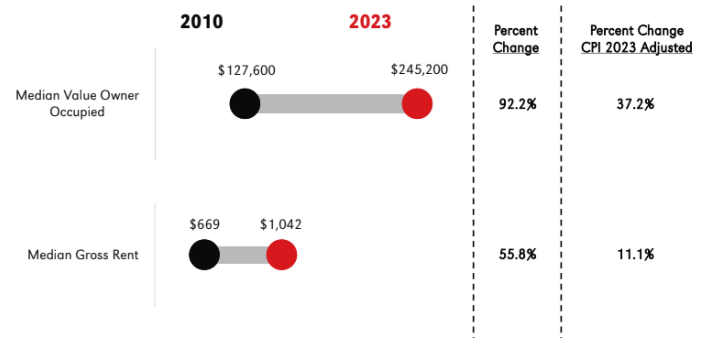
Source: U.S. Census Bureau, American Community Survey, 5-year Estimates

Another elemental force in economic development in the state is housing. Currently, the median year that homes were built in most counties in Nebraska is pre-1970's. This is an indicator of an older housing stock that does not meet the needs of modern homeowners. Additionally, Greater Nebraska has higher vacancy rates. Limited availability of homes in turn drives prices of homes that do meet the needs of the modern buyer up.

Somewhat contradictory, in many national comparisons, Nebraska homes averaged across the state are more affordable than other states. However, when the rise in prices is compared to the rise in median wages the issue of affordability becomes more apparent.

While we see a 55% increase in Nebraska’s median income, at the same time there is a 92% increase in housing cost in Nebraska. When we compare ourselves to New York or California, Nebraska looks very affordable, but this obscures big differences. Specific challenges to Nebraska is the higher home value in the urban areas, rural homes are more expensive than the median, but need renovations to make them livable.

Still, the state does have issues with housing affordability. Housing costs have increased more than earnings. *Change in housing costs 2010 to 2023, percent change and CPI 2023 adjusted real change*



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Source: U.S. Census Bureau, American Community Survey 1-year Estimate

Following Dr. Schafer’s presentation, Shannon Harner- Executive Director of Nebraska Investment Finance Authority (NIFA) presented on their statewide housing efforts.

NIFA has organized a voluntary statewide Strategic Housing Council. The Council tracks and responds to a range of housing issues, working in partnership with a range of state and local partners including the Department of Economic Development, the Department of Health and Human Services, and 6 Regions One Nebraska. The Council developed the Toolkit to Increase Housing Supply and is actively working with partners across the state to create additional tools to address critical needs such as workforce housing and supportive housing. NIFA also operates Communities 4 Housing (C4H), which is a new housing program that focuses on community-driven planning and the creation of housing units.

NIFA also operates multiple grant and incentive housing programs focused on developers such as the Low-Income Housing Tax Credit (LIHTC) and Affordable Housing Tax Credit (AHTC) programs. These credits work to encourage developers to build housing with low project costs and less debt. The Affordable Housing Trust Fund is supported by the Doc Stamp Tax and stretches matched funds from the Federal Low Income Housing Tax Credit. NIFA is currently piloting a Multi-Family Lending Program, which provides loans that are slightly less than market price to keep existing LIHTC projects in their affordability period for longer. Pending approval from the Federal Department of Housing and Urban Development, NIFA will

administer Section 811 Project-Based Rental Assistance and will be able to provide \$8 million in rental assistance accessible for Nebraskans who live with disabilities.

Impact of State Programs

- **Nebraska Affordable Housing Trust Fund**
 - \$108.0 million invested, 1996 –2024
 - 1,211 total units created since 2022
 - 554 homebuyer units assisted since 2022
 - 365 homeowner units assisted since 2022
 - 292 rental units created since 2022
- **Middle Income Workforce Housing Fund**
 - \$28.9 million invested since May 2021
 - \$4.97 million invested by NIFA
 - 109 homeownership units created since 2021
 - 34 homeownership units currently under construction
- **Rural Workforce Housing Fund**
 - \$46.5 million invested since May 2018 by DED
 - \$4.96 million invested by NIFA
 - 2,275 total units created since creation in 2018
 - 697 rental units created since 2018
 - 254 single family units created since 2022
 - 26 homes rehabilitated since 2022
 - 271 additional homes have been constructed since January 1, 2024, with 678 under construction



Nebraskans succeed in the path to homeownership using the First Home and Welcome Home programs offered by the Nebraska Investment Finance Authority. The First Home products provide competitive interest rates helping homeownership remain affordable. The Welcome Home program assists first-time buyers who exceed the First Home Program income limits and provides financing options for repeat buyers. NIFA also offers a downpayment assistance loan that can be paired with both First Home and Welcome Home programs to provide closing cost and downpayment financing. NIFA also offers a Military Home program for current and past military members and a Refinance program designed to assist current NIFA homeowners who have utilized the downpayment assistance program.


Impact of Federal Programs

- **Low-Income Housing Tax Credit**
 - 661 projects funded since creation in 1986
 - 25,722 units constructed since creation in 1986
 - 2,366 units created utilizing the Affordable Housing Tax Credit (AHTC)
 - 4,101 units awarded and under construction
- **State Emergency Rental Assistance 2 (ERA 2)**
 - 4,385 households assisted
 - \$29,373,551.48 in rent and utility disbursed
 - 2,019 households referred to Legal Aid
 - 2,788 household referred to Housing Stabilization
- **Homeowner Assistance Fund (HAF)**
 - 3,080 households funded
 - \$34,864,209.61 in assistance disbursed
 - 838 referred to Housing Counseling Agency



Director Harner continued the presentation by identifying other housing programs in the state not administered by NIFA through the Nebraska Department of Economic Development, Nebraska Department of Health and Human Services, Department of Housing and Urban Development, Public Housing Authorities, USDA Rural Housing, as well as other federal supported programs.

Other Federal Housing Resources	Eligible Recipients
<ul style="list-style-type: none"> • CDFI Capital Magnet Funds • FHLB-Topeka - Community & Grant Programs <ul style="list-style-type: none"> • Privately owned, federally chartered • IRS <ul style="list-style-type: none"> • New Market Tax Credits • Opportunity Zones • ARPA Funds (done) <ul style="list-style-type: none"> • ERA/ERA2 • NHAF • Shovel Ready • Other 	<ul style="list-style-type: none"> • CDFIs, HFAs, • Member Banks/their clients <ul style="list-style-type: none"> • CO, KS, NE, OK • Tax Credit Investors • Qualified Opportunity Fund Owners • Defined by federal programs and state guidelines



According to NIFA’s research, Nebraska needs to build about 120,000 housing units total to meet current demand. This is a result of growth and changing needs, as well as a recognition some currently available housing is lost annually to dilapidation and unsafe conditions. Rehabilitation of existing housing is therefore also critical to ensuring a robust housing stock.

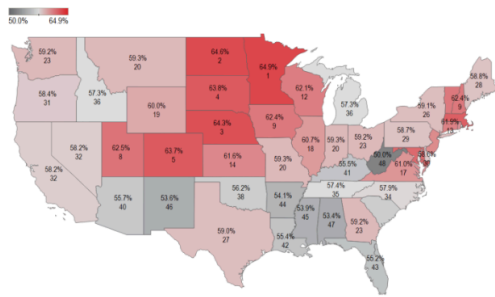
- Opportunity 1: Developers and NIFA need more consistency for periodic funding.
 - Developments take 2+ years to become shovel ready. With how the Legislature funds housing projects in the 2 year cycle of the budget it limits the amount of projects that can be started, and also makes the projects less attractive to developers.
- Opportunity 2: More Flexible Funding
 - Creating a scale for small projects and communities to reduce overall administrative fees and burden.
- Opportunity 3: Focus on Rehabilitation
 - The median age of Nebraska’s housing is 65 years old. Especially in rural areas Nebraska could have more available housing stock if there is a focus on rehabilitating houses that are leaning toward dilapidation.
- Opportunity 4: New Collaborations and Strategies

- NIFA is open to creating new programs across multiple state departments to administer and support housing efforts in the state.
- Opportunity 5: Better Data Reporting
 - There is a need for better data reporting on housing in the state to help NIFA track and make decisions for permits. Not all counties report their permit activity, currently only 32 counties are accessible. Having better data in this area would allow NIFA to have a better understanding of how many housing units are being built each year. Another area for better data reporting is in the existing property data, which is not consistently reported or available. Without accurate data NIFA cannot easily aggregate the show price levels, condition, and size.

AUGUST: CHILDCARE ACCESSIBILITY AND AFFORDABILITY

In August, the Planning Committee focused on access, affordability, and quality of child care in Nebraska. To begin, Dr. Schafer presented on the demographics of the family and youth population. The state is largely growing as a result of natural change, birth minus deaths, meaning we have many young families, and thus childcare is an important concern. Moreover, many young families are hard at work. Nebraska ranks 3rd in the country for the labor force participation rate, 3rd in the country for women in the labor force, and 6th for households with children under the age of 6 with all parents in the work force.

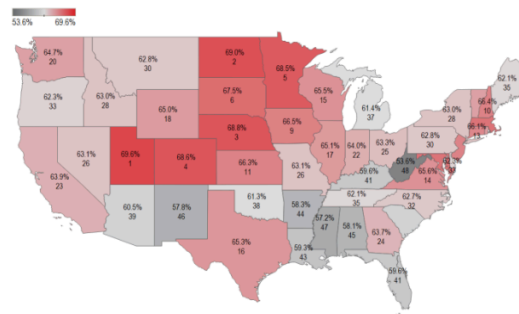
Nebraska also ranks 3rd in the country for the percentage of women in the labor force = 64.3%
Percentage of women age 16 and older in the labor force



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Source: U.S. Census Bureau, 2023 American Community Survey, 5-year Estimates

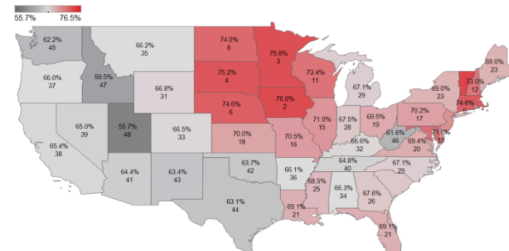
Nebraska ranks 3rd in the country for the percentage of the population in the labor force = 68.8%
Percent of population age 16 and older in the labor force



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Source: U.S. Census Bureau, 2023 American Community Survey, 5-year Estimates

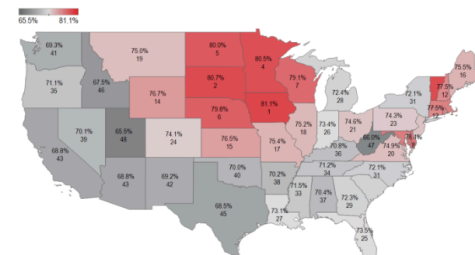
Nebraska ranks 6th in the country for households with children under age 6 with all parents in the labor force = 74.6%
Percentage of households with children under age 6 with all parents in the labor force



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Source: U.S. Census Bureau, 2023 American Community Survey, 5-year Estimates

Nebraska also ranks 6th in the country for households with children age 6 to 17 with all parents in the labor force = 79.8%
Children age 6 to 17 with all parents in the labor force



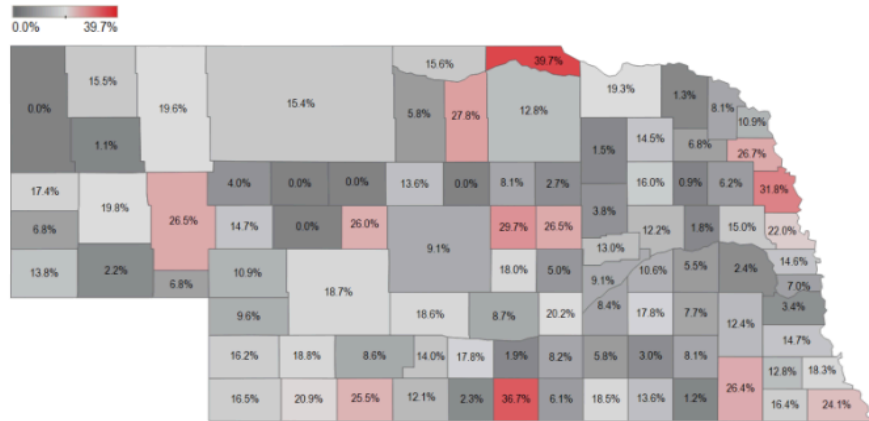
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Source: U.S. Census Bureau, 2023 American Community Survey, 5-year Estimates

With so many Nebraskans in the labor force, especially parents, it's no surprise child care is in high demand. Accessible high-quality child care is essential to strengthen both families and Nebraska's economy. Affordable child care is also a central concern. In Nebraska, poverty metrics are about average for the region. But children are more likely to be in poverty as thresholds are based on family size. For a household with two children to be in poverty they must earn well below \$32,150/ year.

12.6% of Nebraskans under age 5 are in poverty and poverty exists across the state

Percentage of children under age 5 in poverty. For example, a family of 4 with 2 children under 18 must earn below \$32,150 to be in poverty.



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Source: U.S. Census Bureau, 2023 American Community Survey, 5-year Estimates

185% of the poverty level is a critical threshold for youth programming including free and reduced lunch. For a family of four, 185% of the poverty level would mean an annual income of \$59,477. Around 420,000 Nebraskans live at or below this threshold. Currently, a full time minimum wage job would fall below this threshold. As a result, families will find they can't afford childcare, but they can't afford to not put their children in childcare.

185% of the poverty level is the threshold for critical youth programming including free and reduced lunch. Over 420,000 in Nebraska live at or below this threshold around the state.

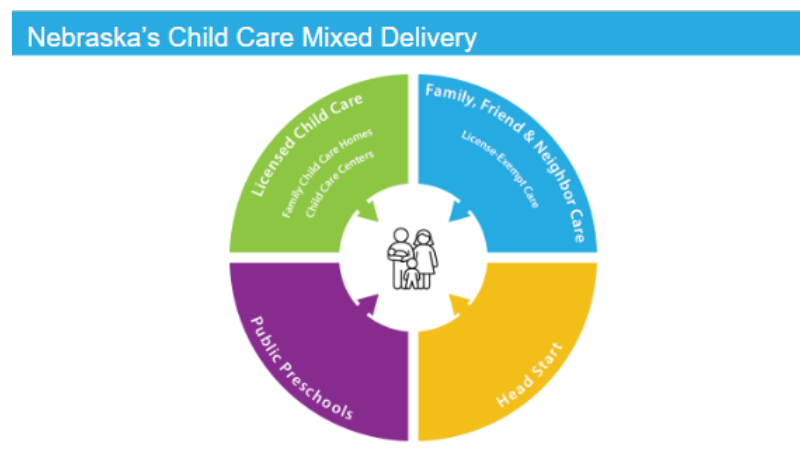
Family households with children under 18 at or below 185% of poverty the threshold for a family of 4 is \$59,477



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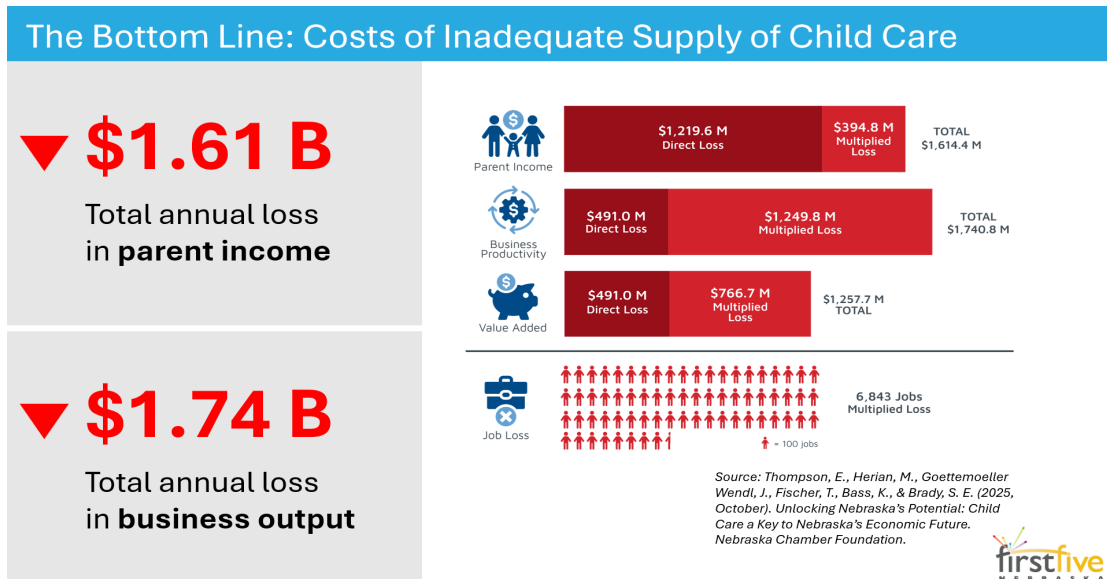
Source: U.S. Census Bureau, 2023 American Community Survey, 5-year Estimates

Following Dr. Schafer's presentation, Dr. Katie Bass from First Five Nebraska continued to present on child care in Nebraska. Dr. Bass began by explaining how child care is provided in the state. Nebraska has a mixed delivery system meaning childcare is provided through licensed childcare (including family child care homes, and child care centers), family, friend and neighbor care, Head Start, and public preschools. These are the systems that allow parents to go to work. When looking at child care, the main focus is on the Licensed Child care option. This is the most common method of childcare for many families.



Child care centers with directors, teachers, and classrooms or family child care homes are considered licensed child care. When a family child care home is watching over more than two kids the operation needs to be licensed. Following COVID-19 and a continuing decline in Nebraska's rural population, family child care homes are becoming less available. Public Preschool is great, but it isn't accessible for everyone. Families aren't able to access this option because of their income not meeting the poverty level, health concerns of the child (e.g. the child was in the NICU and has continuing health concerns as they enter childcare.), or the program isn't a reasonable solution for the family (e.g. when the program ends at noon and the parent needs to take the child to a second program).

The bottom line is that inadequate access to childcare has major economic impacts to Nebraska. In a study done with the Nebraska State Chamber Foundation and First Five Nebraska, University of Nebraska–Lincoln, Bureau of Business Research found there was an annual loss of \$1.61 billion in parent income, common reasons for this would be a disruption in planned childcare, not taking a promotion because the increase in salary would affect the childcare, or choosing to stay home with a sick child. The report also found a \$1.74 billion annual loss in business output which correlates with what business leaders were discussing during the interview portion of this study.

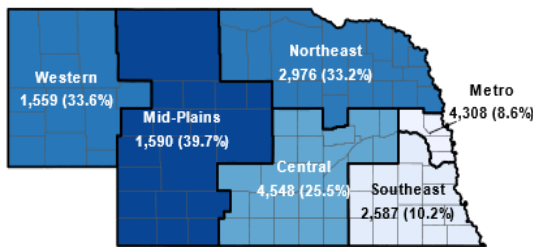


*Note: Preliminary data showing presented at the planning committee described a \$791.8 million loss in parent income and a \$939.3 million loss in annual business output. First Five Nebraska and the Bureau of Business Research revised these findings and this slide contains the final analysis presented in the report *Unlocking Nebraska's Potential: Child Care as Key to Nebraska's Economic Future* that was published on November 10, 2025.*

Across the whole state there is a gap in child care services. Overall, 17,568 children do not have access to childcare within a reasonable driving distance (these are children who have all available parents in the work force). This number is a decrease from the previous report of 20,740 needed slots. This decrease was possible through a 2.4% growth in licensed capacity, and a 1.3% decrease in women in the labor force.

As we look across the state there are regional gaps in services as well. While Nebraska has had a 2.4% overall increase in licensed capacity since 2019, there has been a 16.5% decrease in family child care homes capacity and 8% increase in child care center capacity. The increase in capacity is based on the square footage of the facility and does not account for how the program is staffed. Currently, we are overestimating the available slots. An example of how this overestimation happens is when a childcare center is licensed for 8 slots, but only intends to fill 4 based on the programming provided. Childcare providers across Nebraska noted that the “need” number looked small, and there was a greater need for more available slots.

Significant Regional Differences in Gap Size



- Central Region: Largest gap in true numbers
- Mid-Plains Region: Largest gap proportionally

Source: Bagley, A. Smith, L.K. and Junus, H. (2025). [National Child Care Gap Assessment: Nebraska Analysis](#). [Buffet Early Childhood Institute](#).



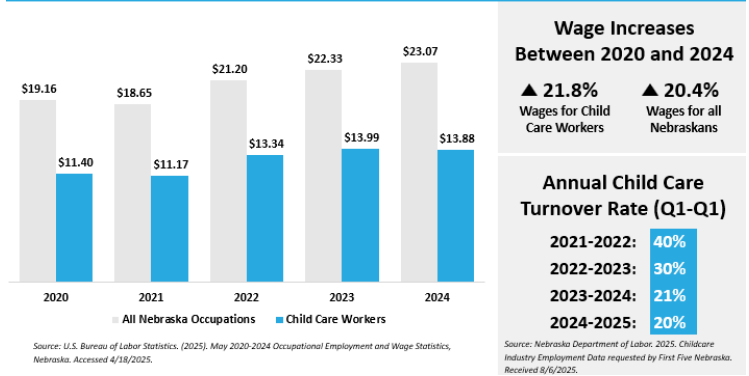
Age of Child	Ratio of Staff to Children
Infant (6 weeks to 18 months)	1:4
Toddler (18 months to 3 years)	1:6
3-year-olds	1:10
4- and 5-year-olds	1:12
School-age	1:15

Taking a look at the industry, licensed family childcare is good for the rural areas of Nebraska, but since 2019 we are seeing a decrease in these centers. This could mean progress of actually opening centers and moving away from family care, but this is more likely due to family care providers retiring following the pandemic. Licensed childcare centers are able to provide more consistent care and are more preferred by employers, but licensed family care centers are vital to the rural areas of Nebraska. Licensed care centers aren't always the most accessible option in rural areas due to distance parents have to travel, affordability, and the availability of workforce. In urban areas, we are seeing loss of both care centers and family homes, as rural areas start to see stabilization in their child care providers, urban areas are now struggling. 2024-2025 saw a loss of 10 childcare centers in Nebraska urban areas.

Another concern within the industry is the labor force behind child care centers. The wages of child care providers have increased from 2020-2024, but there is still a high turnover. The wages increased for child care centers to access federal dollars. Child care is a labor

intensive career and cannot be automated. With wages starting low, even with the increase, there is still a large demand for providers to apply and stay at the center. Often providers are still continuing their education and utilize working in a child care center to gain experience for their career following graduation. Many providers leave their employment at a child care center following their education since the wages and benefits many providers need are not available. Many child care employees go into health care, social assistance, educational services, food services, or other industry sectors when they leave their employment.

Child Care Services – Wages and Industry Turnover



Note: On September 4, 2025, Nebraska Department of Labor revised the 2021-2022 annual child care worker turnover rate to 23.5%.

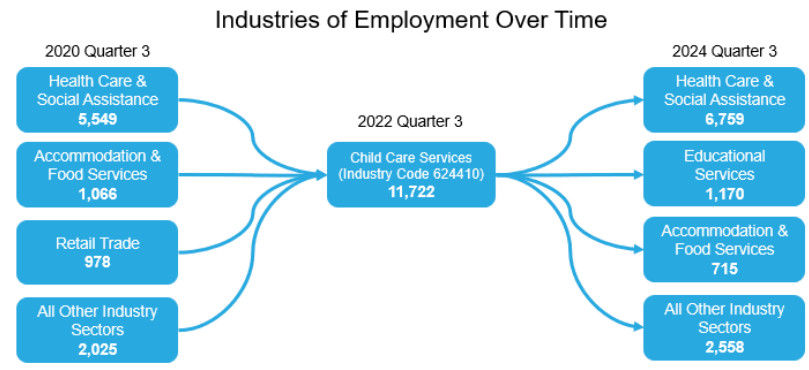
Child Care Services – Employer Retention

	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3
Unique Individuals	11,722	8,914	7,697	7,100	6,299	5,484	5,113	4,890	4,504
Same Employer Retention*		76.0%	65.7%	60.6%	53.7%	46.8%	43.6%	41.7%	38.4%

* includes all quarters with wages, not just continuous employment
 Source: Nebraska Department of Labor. 2025. Childcare Industry Employment Data requested by First Five Nebraska. Received 8/6/2025.



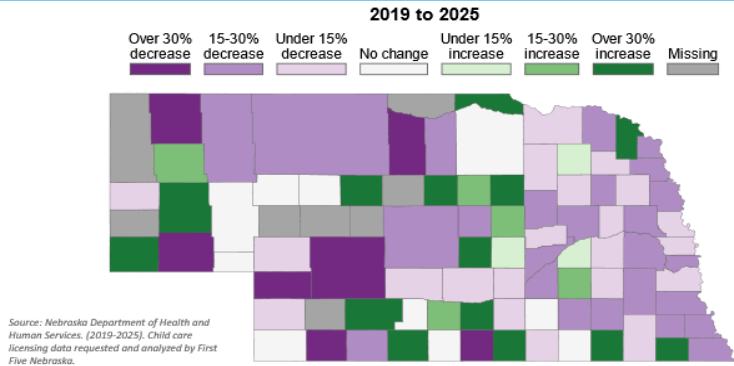
Child Care Services – Industry Flow



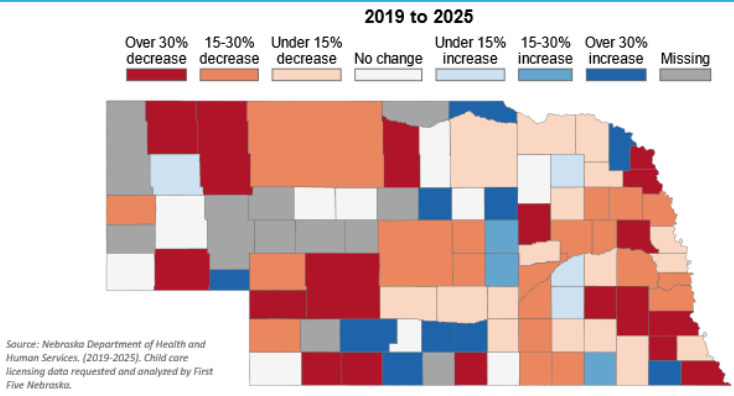
Source: Nebraska Department of Labor. 2025. Childcare Industry Employment Data requested by First Five Nebraska. Received 8/6/2025.

Currently 38.4% of child care employees are retained in the same job for two years. With high turnover, there is a struggle to maintain quality and we often see a drop in quality with the turnover. When children are entering childcare, there is a responsibility for the providers to nurture positive childhood development. Child care needs to be safe to ensure the security and physical well being of children in care, stable offering consistency in routines and staffing, nurturing to support healthy social and emotional development, and stimulating to encourage learning through activities and resources. Consistent turnover in this industry isn't productive for childhood development.

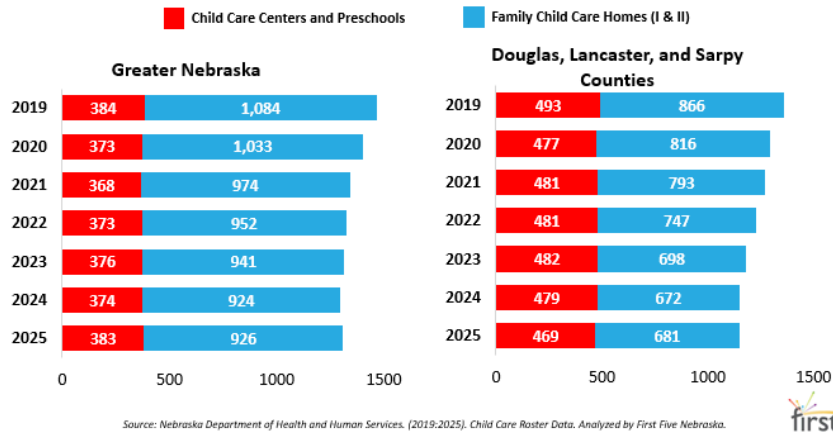
Percent Change in Licensed Child Care Providers since 2019



Percent Change in Licensed Family Child Care Homes since 2019



Licensed Child Care for Children 0-5



With the decrease in supply of accessible child care, there is also a concern for the affordability of child care. Nebraskan families are often paying for two children to go to child care, with a toddler and an infant the annual cost for urban center-based care is comparable to the household income of a family of four at the poverty rate. It is more likely these families are working minimum wage jobs and require the child care to work. The only statewide program to help families afford child care is the Child Care Subsidy.

Child Care Affordability

Monthly Child Care Price at the 75th Percentile of the 2025 Market Rate
(Dakota, Douglas, Lancaster and Sarpy Counties)

	Infant	Toddler	Preschooler
Family child care home	\$910 \$10,920 per year	\$867 \$10,400 per year	\$867 \$10,400 per year
Child care center	\$1,438 \$17,251 per year	\$1,312 \$15,743 per year	\$1,192 \$14,300 per year

(All Other Nebraska Counties)

	Infant	Toddler	Preschooler
Family child care home	\$758 \$9,100 per year	\$715 \$8,580 per year	\$715 \$8,580 per year
Child care center	\$986 \$11,830 per year	\$888 \$10,660 per year	\$845 \$10,140 per year

Source: Daro, A. (2025). Nebraska Child Care Market Rate Survey Report 2025. Buffett Early Childhood Institute.

As of June 2025, 14,034 children were enrolled in the Child Care Subsidy Program. According to a 2024 study conducted by First Five Nebraska, 87.1% of all families note employment as reason for enrollment. In August of 2021, Nebraska temporarily increased the income eligibility from 130% to 185% of the Federal Poverty Level. Following this change, 98.2% of families who were new to accessing the subsidy listed employment as reason for enrollment. This program is essential to keeping parents in the workforce, especially since the annual cost for an infant and preschooler attending an urban child care center has increased

52.1% since 2017, as the median family income has only increased by 35.8% in that same time. Often there is a cliff effect for families accessing this subsidy, promotions or job opportunities are often turned down if the increase in the parents income means they will lose their subsidy.

Child Care Subsidy Program		
Initial Income Eligibility <i>(185% Federal Poverty Level - 2024)</i>		
Family of 2	Family of 3	Family of 4
\$3,152 per month <i>(\$37,814 per year)</i>	\$3,981 per month <i>(\$47,767 per year)</i>	\$4,810 per month <i>(\$57,720 per year)</i>
Maximum Out of Pocket Cost for Child Care <i>(7% of gross income for all children enrolled)</i>		
Family of 2	Family of 3	Family of 4
\$220.64 per month <i>(\$2,647.68 per year)</i>	\$278.67 per month <i>(\$3,344.04 per year)</i>	\$336.70 per month <i>(\$4,040.40 per year)</i>
<small>Source: Nebraska Department of Health and Human Services (2025). Child Care for Parents – Income Eligibility Guidelines for Child Care Subsidy. https://dhs.ne.gov/Pages/Child-Care-Parents.aspx</small>		

At this time around 55.4% of child care providers accept the subsidy for children aged 0-5 years old. The dollars from the subsidy are directly reimbursed to the child care provider, and are dependent on the child’s attendance at the program. Child care providers face difficulties with accepting the subsidy due to the strict attendance requirements and slow reimbursement methods. The Child Care Subsidy program’s current income eligibility limit is set to expire in October 2026 and will return to 130% of the Federal Poverty Level if it is not renewed. Chairperson DeBoer introduced LB 304 to eliminate the sunset of the federal Child Care Subsidy program’s current income eligibility limit. The legislation was heard on February 6th, 2025 by the Health and Human Services Committee, but has been kept in committee since the hearing. Eliminating the sunset on this program will be essential in supporting and keeping Nebraskan parents in the workforce after they have children.

SEPTEMBER: OFFICE OF THE CHIEF INFORMATION OFFICER- CYBERSECURITY AND A.I. IN NEBRASKA

For the September meeting, the Planning Committee invited Dr. Matthew McCarville, State Chief Information Officer (OCIO), to discuss Nebraska cybersecurity infrastructure. Cybercrime is becoming more common in complex criminal schemes. Many of these crimes go unreported across individuals, businesses, and governments. Dr. McCarville's presentation opened with the gap in the state's cybersecurity due to outdated infrastructure. Nebraska is 20 years behind in regards to that state's cybersecurity system. The current existing system is considered, "legacy tech," due to being out of date; it is slower to alert and respond to cyberattacks that may take nanoseconds. Noting the State of Nebraska and local governments are scanned daily by state-sponsored cybercriminals. The agency lacks basic tools and the enough analysts employed to even measure the extent of the risk; currently they don't have the ability to know if the system has been breached, or if anyone has access to the data. Nebraska's mainframe hardware expires in 2027, at this time the state will need to assimilate to the new system with the help of vendors. There is also a need for a replicated mainframe, which operates as a backup system in case there is a cyber attack that shuts down Nebraska systems.

OCIO also lacks the enforcement capabilities through the Nebraska Department of Administrative Services to update the systems needed to improve the cybersecurity. While agencies can upgrade the cybersecurity systems, it comes at a cost that many agencies don't have in their annual budgets. Dr. McCarville noted that many agencies don't have the budget, but want the upgraded systems. Agencies understand the need for cybersecurity, but there aren't always clear paths to implement it with the resources available. Without the complete replacement of the system there is no way to close the gap to a better cybersecurity system. Agencies also need time and resources to execute activities such as tabletop exercises and training, since many employees don't know procedures for how to handle an incident response, or who to call for help. There is a need to get all agencies to participate and adopt new cybersecurity procedures and systems.

Dr. McCarville explained the tools the OCIO would need to achieve better protection of our state systems. SIEM (Security Information Event Management), End Point Detection (EDR), and advanced email security are the basic tools needed to monitor the average 4.7 million events that occur per day through Nebraska state systems. On average, a ransomware attack requires two to three months of expensive and intensive recovery. Currently, on the existing SIEM by 8:15am the system is full of alerts, and unable to record the events and operate. The Nebraska Judicial and Executive branches already have SIEM and End Point Detection since the agencies operate on Microsoft Systems. Since the Legislature operates on Google Systems, these upgrades are unavailable unless the branch chooses to change to Microsoft. SIEM and EDR work together

to stop abnormal activity in nanoseconds and alert analysts to look into the issue. These systems don't solve the problem, but work together to alert analysts of abnormal events.

In April of 2025 OCIO through Dr. McCarville opened the Joint Security Operations Center (JSOC); this secured office was designed to bring the data from SIEM and EDR alerts to make it possible for a team of analysts to manage every event that touches the state network. JSOC has three core functions: triaging and responding to threats, maintaining assets and planning improvements, sharing and receiving intelligence and taking action. This office was created as federal funding started to disappear and counties started relying on the state for cybersecurity support. Recently, Homeland Security and the Cybersecurity and Infrastructure Security Agency (CISA) withdrew funding support for MS-ISAC (a cybersecurity program that serves as a central resource for U.S. State, Local, Tribal, and Territorial governments). The demand for JSOC services requires their scope of services to increase, the office plans to replace the MS-ISAC services. Since security alerts require immediate response, communication, and specialization the JSOC team manages and responds to alerts and collaborates with agencies.

In the future, OCIO would like to staff this area with interns and those with specialized degrees, with a focus in A.I.. The agency hopes to apply for grants in the future and build an apprenticeship program to support and staff our cybersecurity operations. OCIO is motivated to take a generational approach as these changes will not happen overnight. Dr. McCarville recommends efforts directed at recruiting strong technical talent to serve as skilled coaches. By hiring new talent it allows for cross training to better the analyst staff as a whole. OCIO hopes to create training and skill programs to aid in the creation of a sustainable workforce. JSOC plans to achieve their mission through partnerships across state agencies. Currently, JSOC is working with the Nebraska National Guard, and starting to collaborate with Offut Airforce Base. JSCOS is preparing to support Nebraska cities, counties, Educational Service Units, and universities through delivering network-to-endpoint security for any agency using the State network. This office is designed to provide cyber services to internal and external agencies.

To continue the momentum of JSOC's work, OCIO states that investments are necessary. The first priority is to invest in upgraded tools and hire analysts, this first year of investment will cost \$6.2 million. It will take \$2.5 million to replace the SIEM and EDR to enable JSOC to effectively monitor data from several sources. Other states invest on average \$2-4million in the first year of updating their infrastructure, these costs are driven by data storage needs. There is an urgency to implement as soon as possible it will take 90 days to complete, OCIO's target timeline would be Q4 2025 through Q1 2026. These systems are necessary to identify which of the events are suspicious and need attention.

The second priority will be to staff the JSOC, OCIO is aiming to complete this priority over the course of 18 months from Q4 of 2025 through 2027. There is a need to hire 4-5 analysts

before April 2026 given the immediate demand. Overall, JSOC will need to staff 12-18 analysts to support cybersecurity functions. OCIO wants to make an investment of \$360,000, the average investment in other states has salaries from \$55-\$85,000. JSOC currently has two experienced contractors with two interns starting October 2025. OCIO needs to hire experienced analysts in full-time positions to bring additional stability to the program. Without experienced analysts, JSOC won't have the resources to monitor or take actions against events. OCIO and JSOC hope to create an internship program with veteran or active duty college students to help train and retain a staff of analysts through the military base in Omaha. The second year of this investment would cost \$3.2 million, this includes with minimum net new operation cost of additional personnel.

The third priority is to address the greatest risk to cybersecurity through Advanced Email Security. Around more than 90% of successful cyberattacks originate from malicious emails. Malicious emails are a constant threat to State email accounts and teammates. By addressing the most damaging threat first frees bandwidth to focus on other risks as well. Investing in advanced email security provides a high value impact and enables analysts to spend time on other critical work. Advanced Email Security allows OCIO to innovate and assist risk mitigation in other areas, such as data loss prevention. These tools can add security without burdening users. It would cost \$7-9 per email account, which would total \$210,000-\$270,000 for the 30,000 accounts. To implement Advanced Email Security would take less than 1 hour. Currently, JSOC is preparing to pilot two solutions before December 2025. The third year of this investment would cost \$3.5 million, this includes the minimum operating cost, plus the additional personnel needed to operate this system.

Dr. McCarville and OCIO understand that the cost of this investment may look surprising and expensive. Currently, OCIO is operating with a \$133 million budget, with \$52 million cash on hand, operating on \$23 million for 90 days. OCIO is completing these investments and improvements through using cash, but since it often isn't enough for the larger costs, such as updated technology, the agency can't pay for necessary long term contracts. OCIO has thought of opportunities to help mitigate the cost, such as training interns since the agency can't afford to hire those with the experience they are looking for; as well as attempt to qualify as a fusion entity with JSOC through hiring the right analysts, this opens the door to millions of dollars in federal funding. Dr. McCarville noted that it would cost Nebraska 20x more to respond to a cyberattack than it would cost to prepare for these attacks. For example, on August 25th, 2025 All State of Nevada systems and services were seized by a ransomware attack. The State of Nevada was unable to use their system for 18 days, with no access to historical data or personal information, they had to operate on paper during this time. It cost \$14 million from Nevada's general fund cash to recreate the whole system to get back in. Experts believe Nevada would have been able to detect that initial intrusion as early as August 12th if they had updated to modern monitoring systems and a staffed Security Operation Center.

NOVEMBER: INTERIM MEETINGS WRAP-UP

In November, the Planning Committee met to wrap up their conversations over the interim. Dr. Schafer opened the presentation by revisiting the fact that Nebraska's population grew, passing the 2 million mark. This increase is due in part to the change in methods for counting the state's foreign born population. While the population is growing, there is still a very large rural and urban divide. The data shows Nebraskans moving from rural areas to metropolitan areas, normally for a four year degree program, then after some time spent in a metro area they move to the metro areas of another state. Those who are leaving often have more education, in the prime workforce age group, and are in the \$75,000+ year salary range. Nebraskans in STEM careers are part of the group most likely to leave the state. These facts highlight the importance of improving job opportunities in Nebraska as it has become a deciding factor in migration choices. This rings true across all income groups in the state, the highest rate of migration is with those making \$75,000+/ year. Brain drain still remains a concern, but there is an increase of those in the 30-34 age group leaving Nebraska for better job opportunities and taking their families with them.

With such a comparatively high labor force participation rate, this finding can be confusing to understand why people are leaving their jobs and the state for different opportunities elsewhere. While Nebraska has high labor force involvement across multiple important demographics, there isn't job density in our higher wage employment. There are not enough high wage jobs in Nebraska, so those who want to stay and work in Nebraska often compromise factors like salary or career advancements. Dr. Schafer uses careers in Computer Science and Math, Health Diagnosing, Management, Legal Services, Engineering and Architecture to define high wage jobs in Nebraska. Nebraska is growing high wage jobs, other cities like Kansas City, Des Moines, or Denver are just growing them quicker. In these other states, they are able to raise wages to remain competitive in the work force, but since Nebraska doesn't have the job density employers don't have to compete to meet wages.

Other reasons for migrating out of state involve available affordable housing and accessible child care. When there isn't accessible child care, parents have to leave the work force. Making child care accessible keeps more families employed and living in the state. Housing costs have risen higher than incomes even though incomes are increasing. It is hard to find a house in Nebraska that meets the needs of modern housing. The small amounts that do are higher in prices, especially in rural Nebraska.

Dr. Schafer presented information from the Department of Labor reported in 2025 to support these findings. The Department of Labor surveyed employers hiring in Nebraska on the most prevalent issues they see in filling their open positions. Employers stated that the open positions were not getting enough applicants, those applying didn't have the necessary skills or

training for the position, or the requested wage of the applicants was too high for the listed position. 86% of employers reported it was difficult to find workers for at least one occupation they recently hired. 75.8% of frequently hired roles were difficult to fill businesses reported. At the same time there are recently graduated students from four year degree programs in the state trying to return to rural areas not being able to find employment in their desired field.

All leading the committee to consider how to create more workforce opportunities to promote recruitment and retention. Occasionally, in economic development employers will follow the workforce, specifically when there is training for a specific job in the area. In Nebraska, more often the workers follow the jobs making retention important. All states have questions about efficacy and efficiency of recruiting and retaining a workforce. Many states have business incentives to encourage workforce development, while the research doesn't say it is the most effective idea, but if Nebraska doesn't have them it limits the states ability to compete. Business incentives work best when they are targeted toward an industry, or targeted to the creation of needed jobs. These incentives are normally packaged with customized businesses and workforce services. Nebraska could create incentive packages directed at both rural and urban workforce concerns to address the difference in the needs of the two job markets.

Outside of business incentive packages, there are other efforts to support growing Nebraska's workforce. Such as, training employees for skilled labor. This is a challenge for businesses to afford training their employees for the necessary skills of a technical position. The development of a pipeline of skilled workers that meet the needs of businesses solves a clear and pressing issue. Apprenticeship and internship programs have been found to be very effective, but there is a need to operate at a high scale and scope to actually see an impact in the workforce. This requires looking at the implementation of these programs to increase the scale and have a better output. Another option is to create collaborative skills development with industry partnerships. Industries know what they want in a workforce, but they may not have the resources to create it, partnerships allow for industries to have a workforce they need. Education is another area to support workforce development. 67% of Nebraskans have some higher education, the group that has some college education is an area for improvement in our workforce. Since more education equates to higher earnings, connecting those with some college to resources to finish their degree would create more opportunities. There is a deep need for research and development and education careers in Nebraska. The state has less people receiving a Bachelor's degree in science and engineering. Currently, Mississippi is the only state that has fewer people majoring in science and engineering (26.9% in 2023 study), Nebraska has 28.3% of those graduating with STEM degrees as of 2023. Since we don't have graduates in STEM, the STEM jobs aren't coming to Nebraska, creating a cycle of lacking job opportunities for those wishing to pursue STEM studies.

Research and development is an area Nebraska can collaborate with industries to create more high earning jobs. Currently, Nebraska spends less than 1¢ per capita on research and development. States like Iowa and Colorado spend .43 cents and \$1.82 respectively on research and development. University of Nebraska- Lincoln currently spends less and produces less than other BigTen universities. Nebraska could also invest more in entrepreneurship and support small businesses as well to solve the challenge of growing jobs in the state.

Dr. Schafer concluded by saying this review of economic development strategies focused on those most targeted to address issues in the state including overall population growth, brain drain and economic growth. There are others and each needs to be considered, targeted, and effectively implemented to have the desired impact.

