

Child Care Is Essential Economic Infrastructure

Child care is not only a family issue—it is a core component of Nevada’s economic and fiscal infrastructure. When Nevada fails to invest adequately in child care programs and physical infrastructure, the costs are borne by families, employers, and the state budget through reduced labor force participation, lost productivity, suppressed tax revenue, and increased long-term public expenditures. In contrast, sustained investment in child care yields both immediate and long-term fiscal returns. The consequences of underinvestment are already visible statewide and will intensify without strategic action.

The economic consequences are significant.

Short-Term Fiscal and Economic Impacts

Reduced Family Household Income and Workforce Participation

Nevada’s economy depends heavily on working families. Sixty-two percent of children under age five live in households where all available parents are in the workforce, yet the state faces a 66% gap between the supply of licensed child care and potential demand.¹ As a result, many parents—most often mothers—are forced to reduce hours, turn down promotions, or leave the workforce entirely due to lack of reliable care.

For individual families, child care costs can consume up to 32% of a single-parent household’s income, making continued employment financially unsustainable and further suppressing consumer spending and state tax collections.²

Lost Business Productivity and Employer Costs

The lack of affordable and available child care directly affects Nevada employers, particularly in sectors critical to the state economy such as hospitality, health care, mining, and logistics. Employers experience higher absenteeism, increased turnover, and prolonged job vacancies when workers cannot secure stable child care arrangements.

State and national analyses show that child care disruptions reduce business productivity and profitability, raising recruitment and training costs and slowing economic growth.³ Lack of access to licensed child care constrains the available workforce at a time when employers are actively seeking workers. For a service-based economy like Nevada’s, these constraints ripple quickly through local and state revenue streams.

Suppressed Tax Revenue from Families

When parents are unable to work or must reduce earnings due to child care barriers, the state experiences a direct loss in income, sales, and payroll tax revenue. Fewer working hours and lower wages translate into reduced contributions to Nevada’s General Fund, while increased reliance on informal care arrangements can push families toward financial instability or public assistance. This underinvestment limits household earnings growth and constrains the tax base in the short term.

Nevada faces an estimated
\$4.2 to \$6.4
billion loss
in economic activity over ten
years due to unmet child care
needs, driven largely by
foregone earnings and
reduced labor force
participation.

Bipartisan Policy
Center, 2026
[https://bipartisanpolicy.org/
article/state-child-care-
data-2025-update/](https://bipartisanpolicy.org/article/state-child-care-data-2025-update/)

¹ First Five Years Fund – 2025 State Fact Sheet, Child Care & Early Learning in Nevada
<https://www.ffyf.org/wp-content/uploads/2025/09/2025-Nevada-State-Fact-Sheet.pdf>

² Id.

³ ReadyNation: The Child Care Crisis Costs the U.S. Economy \$172 Billion Each Year, 2026:
<https://www.instituteforchildsuccess.org/resources/resource/cost-child-care-crisis-report/>

Underinvestment in Child Care Businesses and Economic Activity

Child care itself is a significant economic sector and local business driver in Nevada. The sector employs approximately 8,500 early childhood educators, yet median wages average about \$17 per hour⁴, roughly half the statewide median wage of over \$33 per hour⁵. Persistent low wages contribute to staffing shortages that limit business stability and growth.

Beyond direct employment, child care businesses generate substantial statewide economic activity. Using the SAM Output Multiplier of 1.92, every \$1 increase in child care sector output results in \$1,92 in total economic activity.⁶ This includes indirect effects, as providers purchase goods and services from other Nevada businesses, and induced effects, as child care workers spend their wages in local economies.

Long-Term Fiscal and Economic Impacts

Missed Return on Investment for Children and the State

Decades of research demonstrate that high-quality early childhood programs yield a 7–13% annual return on investment, far exceeding most traditional public investments. These returns accrue through increased educational attainment, higher lifetime earnings, improved health outcomes, and reduced reliance on public systems.⁷

For Nevada, underinvestment means missed opportunities to strengthen the future workforce and tax base. Children without access to quality early learning are more likely to require costly remedial education, special education services, and intervention later in life—expenses borne largely by state and local governments.

Increased Public Investments

Failing to invest early shifts costs downstream. States with limited early childhood investment face higher long-term spending on:

- Special education and grade retention
- Health care and behavioral health services
- Public assistance programs
- Criminal justice and victimization costs

Nevada has over 60 entities focused solely or partially on early childhood spanning 26 chapters of the NRS, with funding allocated through 40 separate state budget accounts.⁸ Yet the state lacks sufficient funding and infrastructure to ensure coordinated, comprehensive access. Strategic investment now would reduce fragmentation and mitigate far more expensive public obligations in the future.

Child Care is Smart Fiscal Policy

Not investing in child care is not cost-neutral—it is a policy choice that carries measurable and growing fiscal consequences for Nevada. The state is already losing billions in economic activity, constraining workforce growth, and missing out on proven high-yield public returns.

Conversely, sustained investment in child care programs and infrastructure would:

- Increase labor force participation and household income
- Boost business productivity and competitiveness
- Generate additional tax revenue
- Strengthen the child care workforce and local economies
- Reduce long-term public expenditures

Treating child care as essential economic infrastructure is not only the right choice for families—it is **sound fiscal policy** that supports a stronger, more resilient state economy.

⁴ The Children's Cabinet – 2025 Early Education & Care Fact Sheet: <https://www.childrencabinet.org/our-impact/reports-publications/>

⁵ U.S. Bureau of Labor Statistics – Total Private Average Hourly Earnings and Weekly Hours and Earning by State, February 2026: <https://www.bls.gov/charts/state-employment-and-unemployment/average-hourly-earnings-and-weekly-hours-and-earnings-by-state.htm>

⁶ IMPLAN Group, LLC. IMPLAN Model Year 2024 Data, Huntsville, NC. Retrieved from www.IMPLAN.com

⁷ The Heckman Equation: <https://heckmanequation.org/>

⁸ Guinn Center, From Crowded to Coordinated – Examining the Governance of Nevada's Early Childhood System, May 2025:

<https://www.guinncenter.org/research/from-crowded-to-coordinated-a-research-brief-on-nevadas-early-childhood-governance-system>