

The Importance of Early Childhood Education

Overview

- How First Things First works
- Importance of Early Childhood
- The Business Case for Child Care
- The Child Care Gap in Pinal County
- The Vision for the System
- Ideas for Expanding Child Care

From birth to age 5, a child's brain develops more than any other time in life. In fact, 90% of brain growth happens before kindergarten.

First Things First partners with families and communities to help our state's youngest children prepare for kindergarten and beyond.

How We Work



Early Childhood Funds

Allotted by FTF State Board



28 FTF Regions

represent diverse communities across AZ



Local Decision-Making

Each region has 11 volunteer regional partnership council members representing their community. Based on the area's early childhood needs, each council recommends strategies to improve the health and learning of children birth to age 5.



Partnerships with Local Early Childhood Providers

First Things First offers grant opportunities; contracted providers implement programs and services in communities.



Community Collaborations

Regions also collaborate with organizations and entities to build a network of programs and services to better support young children.



This results in
Helping AZ's Youngest Kids



LEARN



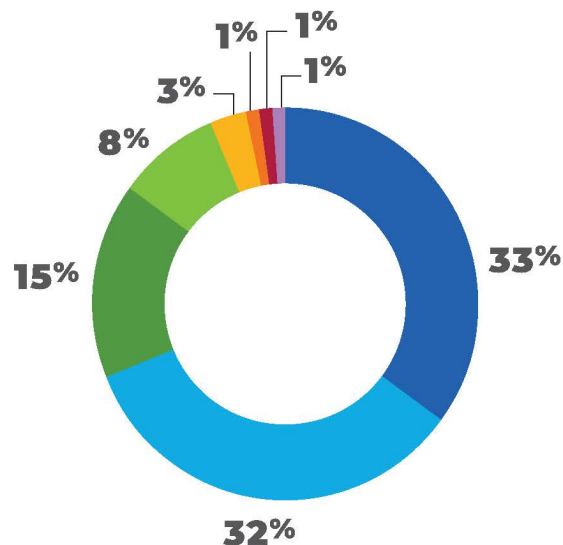
GROW



SUCCEED

Investments Across Arizona

With statewide oversight and accountability, decisions about how to invest early childhood funds – the majority of which are secured through tobacco revenues – are informed at the local level by community leaders who rely on data to determine how best to invest in proven programs and innovative strategies. In State Fiscal Year 2023, First Things First invested \$177 million in strategies to improve early childhood health and development across the state.



Priority Funding Areas

- Other programmatic expenditures (Grants, Gifts & Donations)
- Quality Child Care & Preschool
- Strengthening Families
- Preventive Health
- Workforce Development & Training
- Research & Evaluation
- Family/Community Engagement
- System Coordination

94% of funds go directly to programs and services for young children and families.

Learn More



See Our Impact

First Things First publishes reports every year, so you can see the results of FTF work and funding. You can view our Annual Reports, Regional Impact Reports and Needs and Assets Reports.

Visit: FirstThingsFirst.org/reports



Visit Your Region

You can learn more about FTF's 28 regions by visiting each regional page, to find out more about council members, specific programs in each region and read local success stories.

Visit: FirstThingsFirst.org/regions



Stay Up to Date on FTF News

Each month, FTF sends out its Latest News update, where you can get information on the latest reports and research, success stories and other happenings across Arizona. Sign up for our newsletter and other resources.

Visit: FirstThingsFirst.org

FIRST THINGS FIRST



Why is expanding early childhood education important?

The first five years of life are a critical window for brain development. During this time, a child's brain forms the millions of connections it

needs to be healthy, capable, and successful. These connections are the foundation for essential life long skills like motivation, self-regulation, problem-solving, and communication.

Positive and negative experiences during this period have a lasting impact on how brain connections develop, making the early years the best opportunity to set a child on a path to lifelong success



Early childhood impacts a lifetime.

Kids who start behind usually stay behind when they get to school. Investing in early childhood education for all children ensures they are ready for school and have a strong foundation for future success.

FIRST THINGS FIRST

When children experience high quality early learning opportunities, they learn important social and academic skills. When a solid foundation is laid in the early years, there are proven life long benefits.

When we invest in the early years, children are prepared for school and are ready to succeed in life.

First Things First is driven by research that shows children exposed to high-quality early childhood education have better language, math and social skills, and better relationships with classmates.

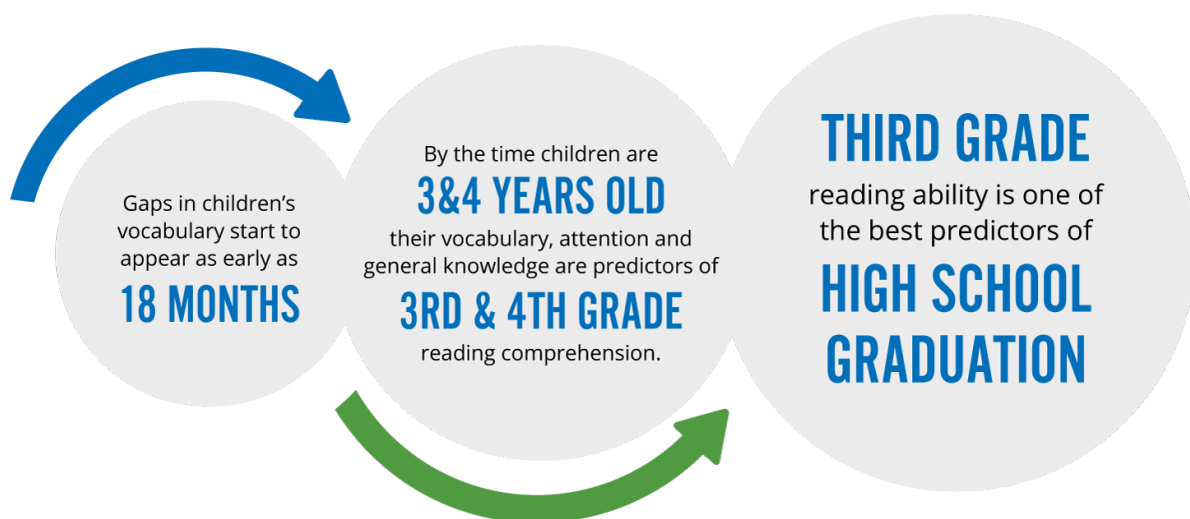
Because language development matters for later reading – it's important to note that gaps in children's vocabulary start to appear as early as 18 months.

This is important because in Arizona, by the time they reach 4th grade, 69% of AZ students cannot read proficiently.

The best way to reverse this trend is to help children develop language and expose them to books before they enter kindergarten.

3rd grade reading ability is one of the best predictors of high school graduation.

The keys to reversing this trend lie in the early years. In fact, vocabulary, attention and general knowledge at ages 3 and 4 is strongly correlated to reading comprehension levels at Grades 3 and 4.





Investing in quality early childhood programs helps infants, toddlers and preschoolers learn, grow and succeed. Access to affordable child care is important for today's workforce and for building tomorrow's workforce.



60% of Arizona's young children live in households where all adults work.

Those families need reliable child care to be able to work.

“

The ability to recruit and retain top talent is more important than ever, and child care is key to solving many of the workforce challenges that Arizona businesses face. That's why the business community needs to be part of finding solutions to the child care crisis.”

Danny Seiden

President & CEO Arizona Chamber of Commerce & Industry

Arizona doesn't work if child care doesn't work



Child care challenges cause a staggering loss of \$1.7 billion annually to Arizona's economy.* Employees have to miss work, or eventually quit, if they can't find and afford child care.



Child care is expensive. Parents can't afford to pay more. Infant care for one child costs 19.8% of a median Arizona family's income.



Quality early learning correlates strongly to higher graduation rates and less dependence on social services later in life. Increased school readiness leads to workforce readiness.

Allocating resources to support the health and learning of our young children is a crucial economic development strategy.

* US Chamber of Commerce Foundation



INCREASED

- High School Graduation
- College Matriculation
- Economic Development & Personal Income

DECREASED

- Special Education/Remediation
- Dependence on Social Welfare
- Crime-related Costs & Incarceration Rates

High quality child care is a smart investment for Arizona employers

Family-friendly policies support today's workforce, which helps businesses attract and retain talent, promote workforce diversity and increase productivity.

Inadequate options for stable, reliable child care take a heavy toll on Arizonan's working parents, employers and state revenues. **Employers lose \$1.42 billion annually due to employee absences and turnover.**

IMPACT OF INSUFFICIENT CHILD CARE TO ARIZONA BUSINESSES

Over the Last Year, AZ Parents Reported:

INCREASED COST

90% say that child care costs have escalated

LESS OPTIONS

73% say that child care options have decreased

QUIT WORK

35% have left a job due to child care issues

MISSED WORK

82% have reported absence due to child care issues

Create a working future.

The voice of business leaders like you is crucial to Arizona's economic success.

Help us have action-oriented conversations with businesses, government leaders and other organizations to raise awareness and increase business engagement in early childhood. Visit our Take Action page, to learn more and sign up for our newsletter.



Take Action



Business Impact of
Child Care Issues
Calculator

Ways to Show Support



Ensure employees have reliable work schedules and information about programs that can help with child care costs.



Help build awareness among policymakers of the impact the child care crisis is having on your business.



Support public policy solutions to the child care crisis, including local, state and federal funding for early learning.

Shape the Future Workforce: Partner with Early Childhood Education Programs

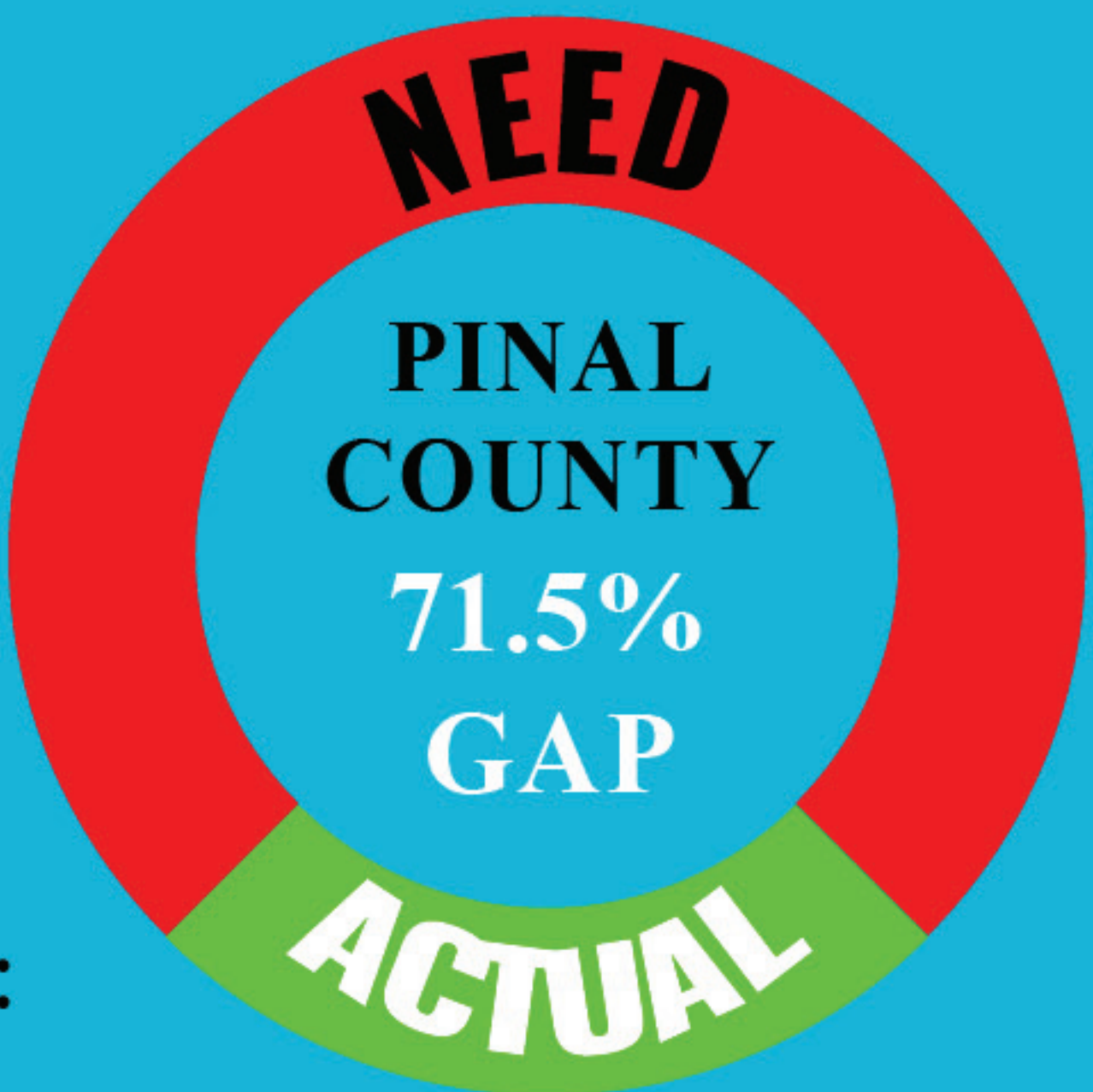
Invest in early childhood education today to secure tomorrow's talent.

Investing in quality early childhood education is not just about the immediate benefits for children; it is a strategic investment in the future workforce. Providing children with a strong educational foundation ensures they grow into capable, productive, and innovative adults who can contribute positively to society and the economy. For business leaders, supporting ECE programs is a forward-thinking approach that helps secure a skilled and competitive workforce for the future.

PINAL COUNTY CHILD CARE GAP

2025 Population Growth vs Number of Child Care Slots

Potential Need: 20,827
Supply: 8,298 slots
Gap: 12,529
Percent Gap: 71.5%
Economic Impact (long term loss):
\$310,878,310



Ways Leaders Can Partner with Early Childhood Programs

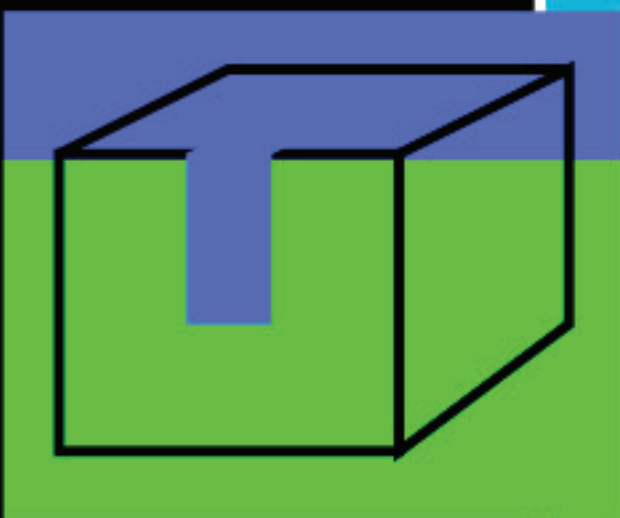
DIRECT SUPPORT

Provide financial contributions or scholarships for ECE programs.



IN-KIND SUPPORT

Donate materials, supplies, services, or facilities



EMPLOYEE BENEFITS

Provide childcare benefits or subsidies for employees.



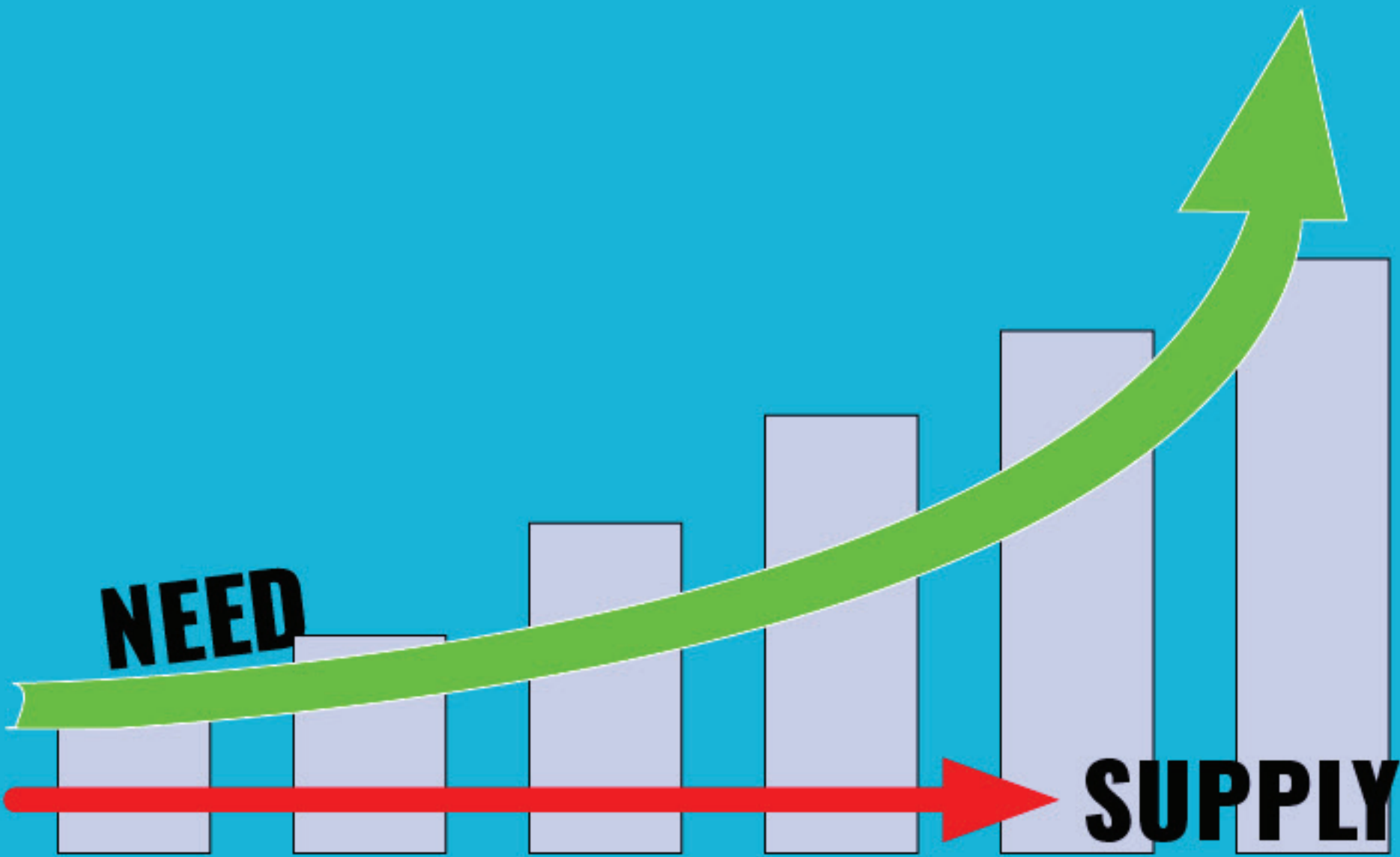
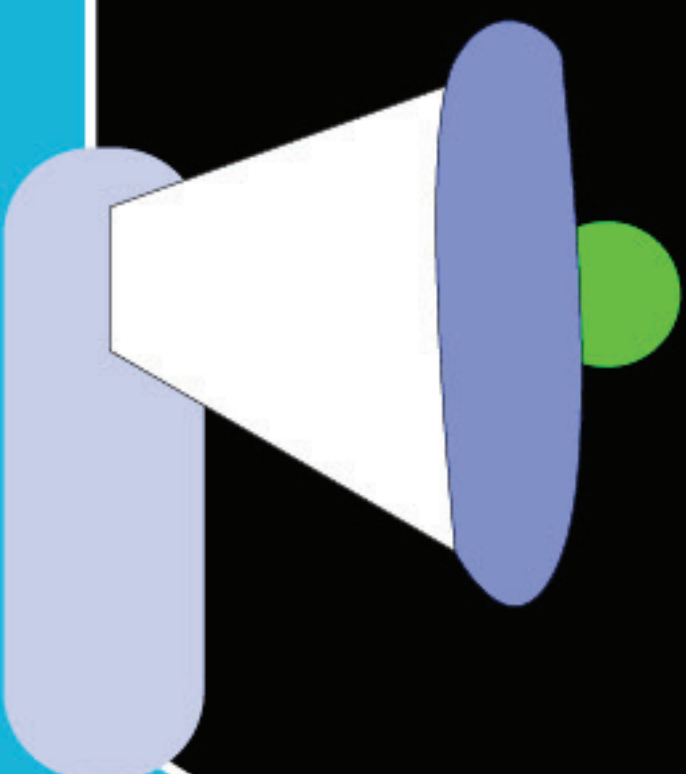
VOLUNTEER PROGRAMS

Encourage employees to volunteer time or expertise.



ADVOCACY

Support policies that promote ECE at local, state, and national levels.



Projected population growth of children age 0-4 between 2021 to 2029: **+ 11,871**

If supply stays at 8,298, the **child care gap is projected to increase substantially.**



COST OF CHILD CARE AND AVERAGE FAMILY INCOME

Child care costs between 1990's and today have **grown 2x as fast** as overall inflation

Child care is considered affordable if it costs 7% or less of family income; yet many AZ families pay 14% or more.

Average annual cost of center-based care for an infant in Pinal County: **\$10,602**
Income required for affordable child care in Pinal County: **\$151,450**

Annual median family income (according to the US Census): **\$73,313**



*Data based on Bipartisan Policy Center Child Care Gap Assessment



LEARN MORE HERE:
<https://www.firstthingsfirst.org/take-action/>

SUPPORTED BY
FIRST THINGS FIRST



**Enhancing
Early Childhood**



Enhancing Early Childhood

Pinal County State of Early Childhood

Is child care considered a service or part of the educational continuum for children in Pinal County? What do we want it to be?

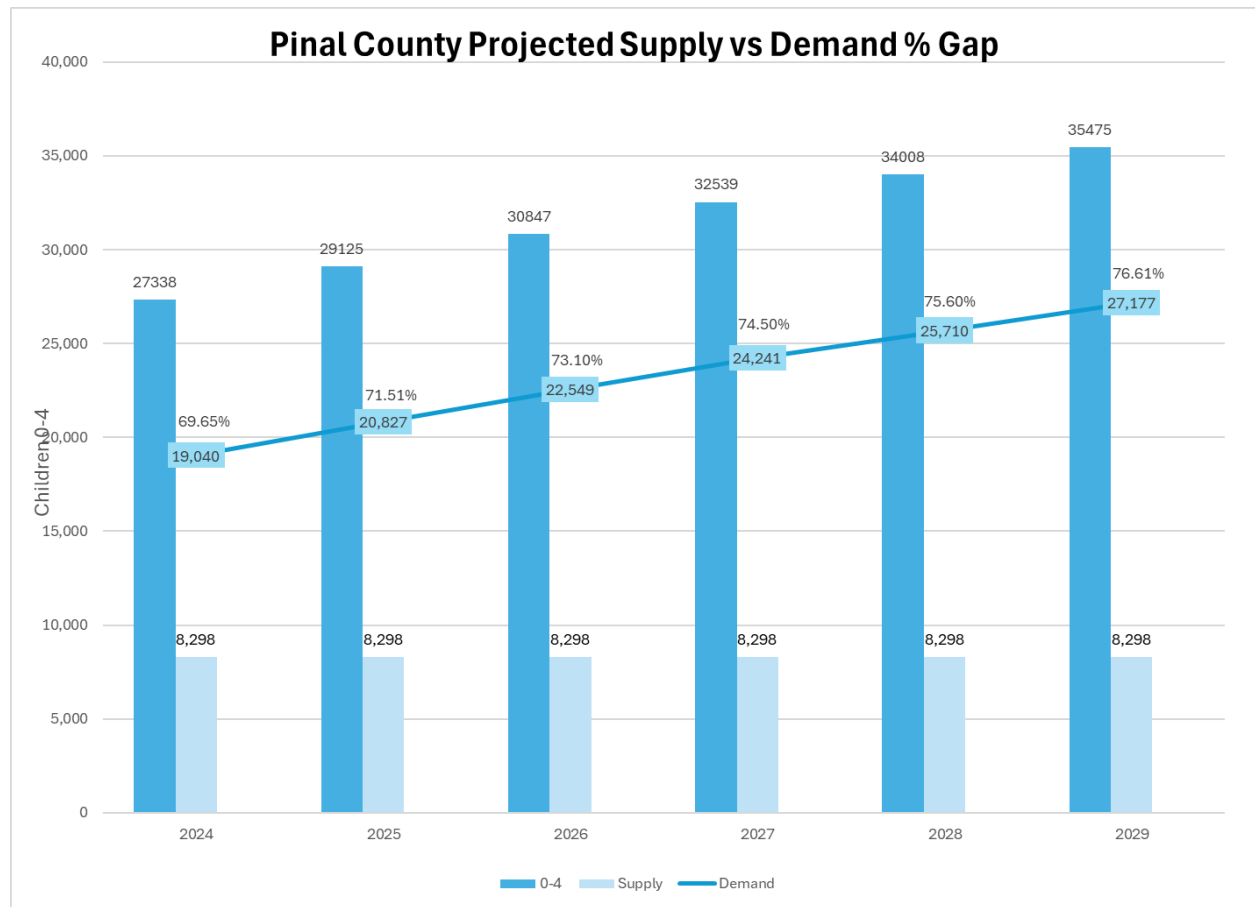
Child Care Gap

The Bipartisan Policy Center studied the Child Care Gap between the number of children and the supply of child care slots. They determined that Pinal County has a 47.9% gap in child care according to 2019 data.

This gap will only increase with the projected growth of the county. If no additional child care slots are added Pinal County is projected to have a 77% gap in the next five years. Additionally, the Bipartisan Policy Center determined that the child care gap would have a long term economic loss of over \$310 million. As the gap grows, so will the economic impact.



Potential Child Care Need vs. Supply

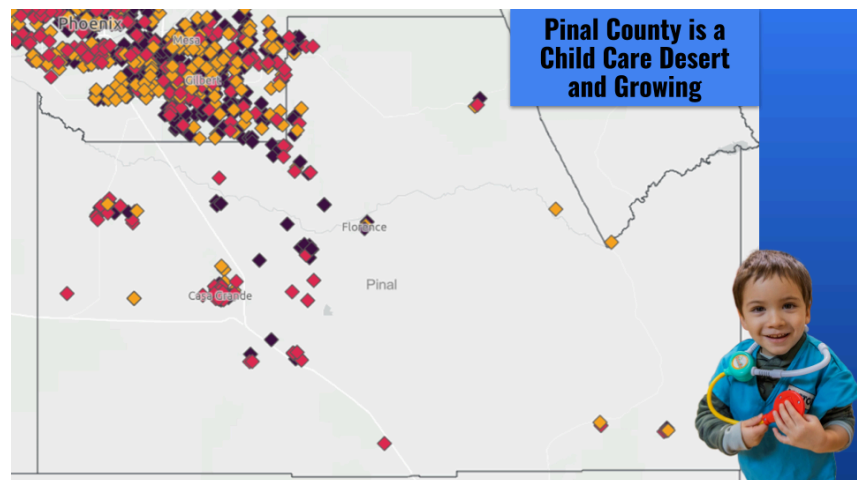


Pinal County is considered a Child Care Desert. There is very little child care available across the county compared to the amount in the Southeast Maricopa areas. Families are leaving Pinal County and traveling to these areas for child care options. Many of the current options in Pinal are school districts or Head Start programs. They provide wonderful educational opportunities but often do not meet the scheduling needs of working families.

Pinal county needs a mixed delivery system that incorporates home based and center based programs that provide care during traditional and alternate work hours so families can access care to meet employers' work schedules. Consider where new companies will be located in Pinal County. These areas do not have the child care infrastructure to support the needs of a growing workforce. If child care doesn't work, Pinal County does not work.

Pinal County is a Child Care Desert and Growing

In order to expand child care, the current staff shortages in early learning programs must be addressed. Workforce shortages, fueled by low compensation in the industry, contribute to availability of care for working families. Consider the current status of child care in Arizona.



Staffing Crisis Statewide

- 69% have staffing shortages
- 26% have longer waitlists
- 20% have unopened classrooms
- 20% have reduced operating hours
- 45% struggle to recruit new staff

Staffing Challenges

Efforts to increase child care access must include efforts to support the workforce. The community can play an important role in supporting and encouraging individuals to consider child care as a career choice. Community leaders can also step up to offer support and resources to child care leaders who operate small businesses with very thin profit margins.

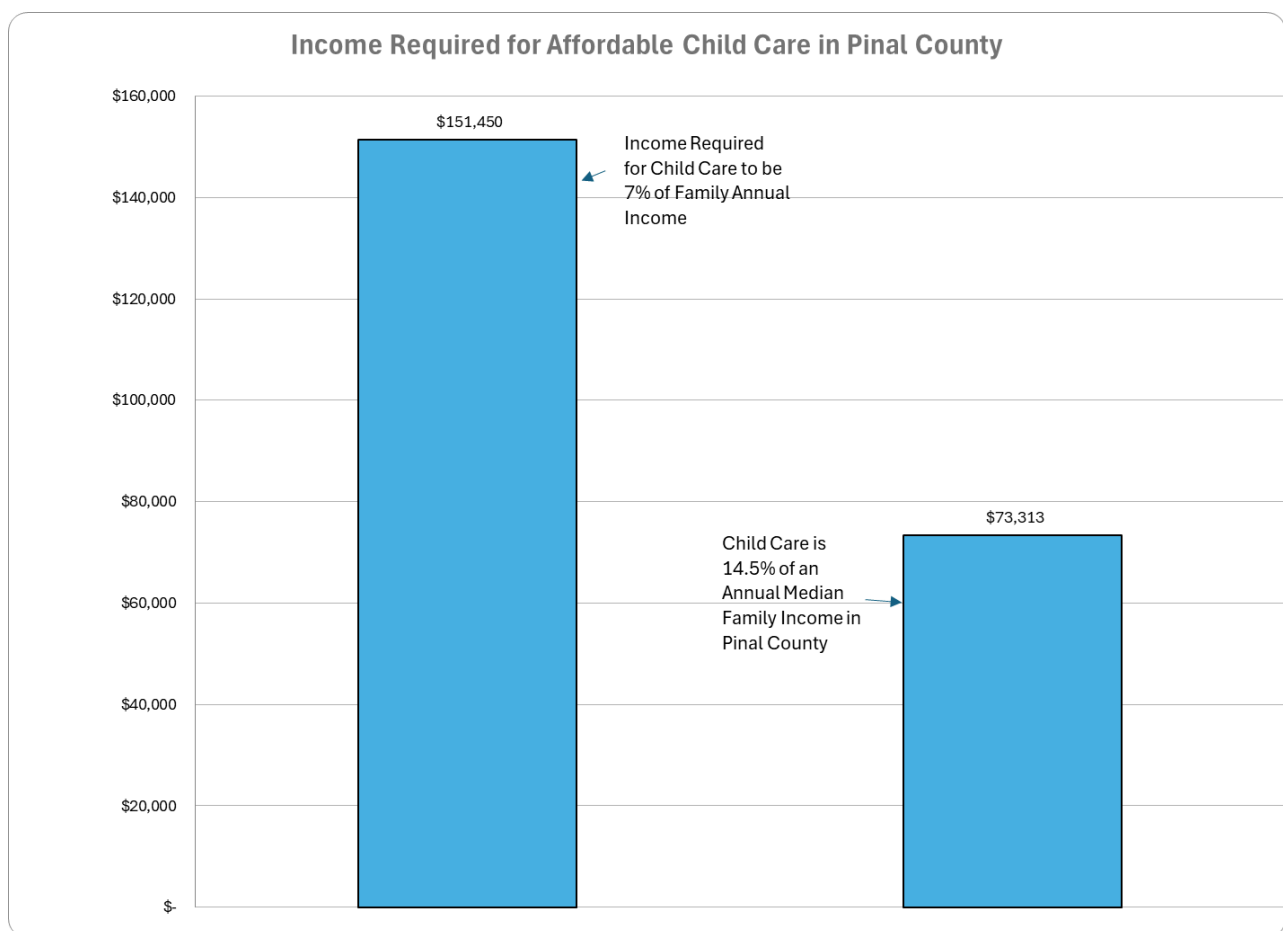
- Unlivable Wages:
 - Median wage \$14.78-15.00/hour.
 - Minimum wage is \$14.35/hour.
 - Estimated wages should be \$21.11-\$25.95/hour
- Employee benefits are limited.
- Difficult working conditions.
- Lack of community support.

Expansion is Needed!

For child care to be considered affordable, it should cost 7% or less of a family's income. For a family with only one infant, **the annual costs of child care is \$10,602.**

For that to be 7% of a family's income, the family **would have to make \$151,450.** The current **median family income for Pinal County is \$73,313** making child care 14.5% of their income, **double what is considered affordable.**

Child Care is Not Affordable





Enhancing Early Childhood

WHAT PINAL COUNTY NEEDS:



A strong and thriving network of family, friend, and neighbor care



Expanded access to regulated family child care homes



Increased capacity (hours, spaces) of current public and private centers



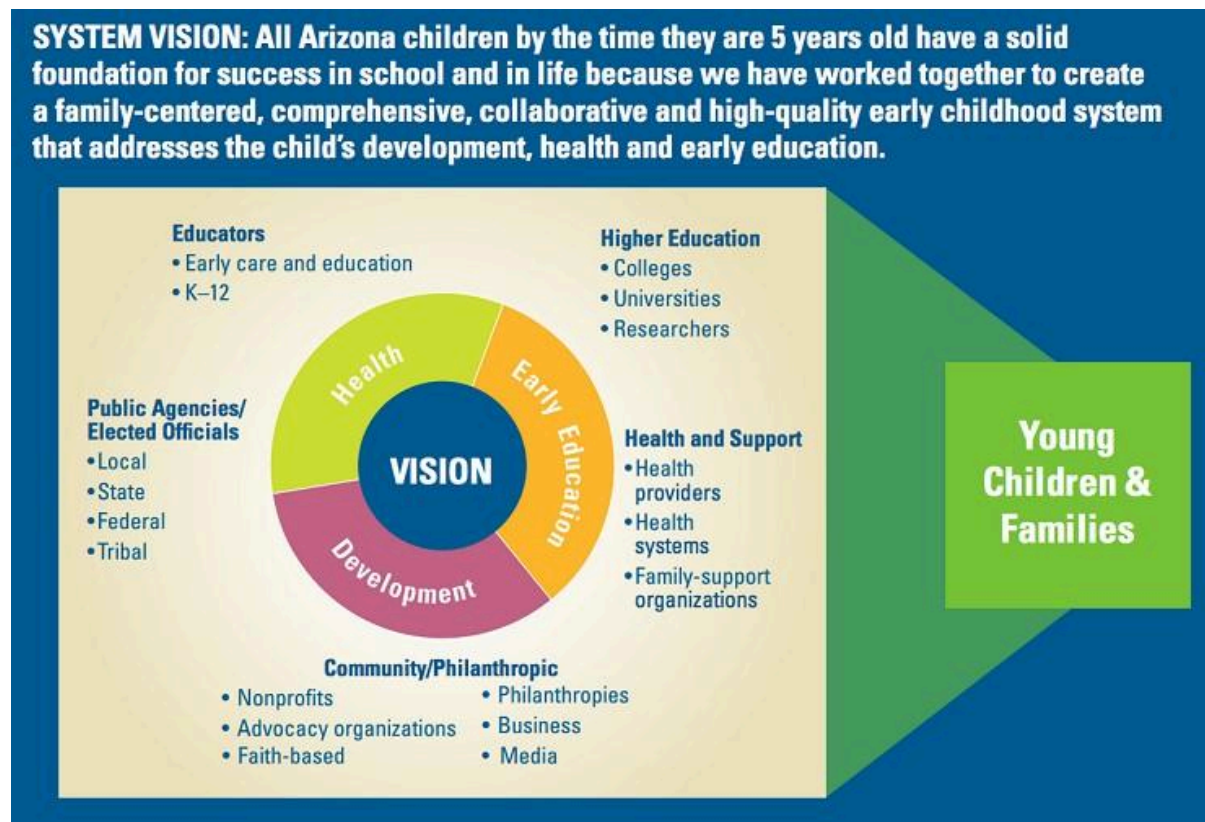
Community investments in child care centers



A single location for families to access existing community resources



System Vision



Systems Building

Fulfilling our commitment to young children means more than simply funding programs and services. It means having a shared vision about what being prepared for kindergarten actually means and then a collective commitment to work across sectors to realize this vision. First Things First is a central partner in Arizona's early childhood system, which encompasses a diverse array of public and private entities dedicated to improving overall well being and school readiness for our state's young children.

Together, we can create a supportive environment that ensures all children are prepared for success as they enter school.

Expanding Preschool and Child Care Opportunities

Research has proven the benefits of high-quality preschool programs for young children. These include entering kindergarten more prepared with less chance of being placed in special education and a lower risk of grade retention. Longer-term benefits include higher graduation rates, higher median income, less dependence on government services and more.

Communities have mobilized to expand preschool opportunities through various funding sources, here are some examples.

In Arizona:

TEMPE PRE - A city-funded approach

One of the longest-running high-quality preschool programs in Arizona is Tempe PRE. It began in 2017 as a two year pilot program to serve 3- and 4-year-old children whose families were at or below 200% of poverty level in the city of Tempe. The city council initiated the program based on research showing high poverty rates with low attendance in preschool programs.

That same study showed two-thirds of the city's kindergarteners scored lower than expected in reading and language. To ensure more children arrived at kindergarten prepared for success, Tempe invested \$6 million over two years to provide high-quality preschool to 475 3- and 4-year-olds from low-income families. In 2023, the city council approved \$1.5 million as permanent funding.

In year three, the program opened to more families on a sliding fee tuition scale, but the majority of the seats remain tuition-free. Today, Tempe PRE serves approximately 200 children at 7 neighborhood schools in the Tempe Elementary School District, according to its website.

The Tempe PRE model offers:

- Low student-to-adult ratio (9:1), with 18 students per classroom.
- Early childhood education certified teachers.
- Use of the child-centered, play-based HighScope preschool curriculum.
- Teaching strategies that identify and address challenges throughout the year, improving kindergarten readiness.
- Before- and after-school hours at select schools.

Tempe PRE officials partnered with First Things First's successful quality improvement initiative, Quality First. Through support from the Virginia G. Piper Charitable Trust, the city enrolled all Tempe PRE classrooms in Quality First, where they receive coaching, assessment and other support to continuously improve the quality of care. To further support improved outcomes for young children, the city also provides expanded professional development opportunities to teachers and staff in Tempe PRE classrooms. In addition, students' families are enrolled in the Triple P parenting program and children receive extended care after school and during the summer.

Key findings from the pilot program evaluation report concluded that the Tempe PRE program prepares children for kindergarten. Compared to kindergarteners from low-income families who did not attend Tempe PRE, children who attended Tempe PRE:

- Entered kindergarten meeting or exceeding developmental expectations significantly more often in the areas of social-emotional, language, cognitive and literacy development.
- Were significantly more likely to perform above or well-above benchmarks for literacy at kindergarten entry.
- Caregivers credited the program for getting their child ready for kindergarten academically as well as socially.

PEEPS - A cross-sector approach led by Pima County

The Pima Early Education Program scholarships (PEEPs) provide funding for local school districts and preschool providers to offer scholarships to qualifying preschoolers. For the 2023-2024 school year, PEEPS is serving more than 1,600 children who are ages 3 to 5.

The Pima County Board of Supervisors allocated \$30.2 million from the federal American Rescue Plan Act (ARPA) to fund the program. Participating school districts, the city of Tucson and the towns of Marana and Oro Valley also contribute to funding, making it a community-wide, collaborative effort.

After the expiration of ARPA funds, the county's contribution to the program will continue through a portion of the secondary property tax that funds the library district. This funding source for early learning is permitted through a 2021 state law. Through this, the county expects to be able to budget around \$10 million per year for the next three years.

Pima County serves as an example of leveraging this source of funding that other counties could replicate.

A portion of the PEEPs money funds scholarships for eligible families to enroll their child in programs that participate in Quality First, which is a quality improvement program of First Things First.

One of the largest supporters of quality early programs in Pima County is Preschool Promise. This is a coalition of educators, business leaders, community organizations, parents and concerned citizens who support the goal of making high-quality preschool available for all Pima County children.

ELEVATE PRE-K - A public-private partnership pilot program

In northern Arizona, talks about universal preschool blossomed in 2016 with a group called LAUNCH Flagstaff. The idea that all children deserve equitable access to high-quality early education turned into a three-year pilot program called Elevate Pre-K, which provides free, full-day, quality preschool to 36 children.

It started with 36 children in Flagstaff in the first and second years. In the third year, a classroom in Page was added, with 18 children being served in Flagstaff and 18 in Page.

The program targets 4-year-old children living in households with income between 101% to 350% of the federal poverty level, who are not currently enrolled in preschool. It is in its third and final year of the three-year pilot. The collective impact group is searching for funding sources to continue the classrooms beyond its third year.

It is currently funded through 11 grants from a combination of partners (see below). Along with private foundation grants from partners, the City of Flagstaff and Coconino County used federal pandemic relief funding to support the program. The Helios Foundation is paying for the ongoing program evaluation, which will continue to follow the children into elementary school.

Funding and Implementation Partners



In Other States:

Michigan Tri-Share

Through Michigan Tri-Share, the cost of an employee's child care is shared equally among the employer, the employee and the State of Michigan — a three-way split — with coordination being provided regionally by a MI Tri-Share facilitator hub. With MI Tri-Share, parents can get back to work knowing that their kids are safe, cared for and have the opportunity to succeed. The MI Tri-Share Child Care Program (Tri-Share) is an innovative approach to increasing access to high quality, affordable child care for working families, with the cost of child care shared by an employer, the employee and the State of Michigan. The pilot also seeks to increase the labor market by allowing employers to offer a child care subsidy to help retain and attract talent. Coordination is being provided regionally by a Facilitator Hub (Hub).

This pilot aims to learn:

- The level of interest from employers in subsidizing the cost of child care for employees.
- How to structure the program to work best for employees, employers, and the State of Michigan. • How to structure payments to allow federal Child Care Development Block Grant (CCDBG) funds to be used long term.

Models based on this program are catching on elsewhere, including Kentucky and New York. North Carolina will try one this for year.

Nevada Care Access Real Estate (CARE)

Safe, developmentally appropriate, and reliable child care is critically limited in some communities in Nevada. Many child care providers who wish to serve more children and families have a difficult time securing a suitable space to grow their business.

Care Access Real Estate (CARE) Nevada helps home-based child care providers rent a new property that will allow them to serve more children and families. It is driven by a partnership between Nevada Department of Health and Human Services, Division of Welfare and Supportive Services, The Children's Cabinet and Mission Driven Finance.

Nevada CARE finds and purchases properties that can be renovated into ideal child care homes for large family child care/group child care operations. In partnership with local ecosystem partners, CARE offers the properties to pre-qualified child care providers who meet the criteria of a CARE tenant. CARE acts as a child care friendly landlord, ensuring that your location will be maintained in licensable condition. After leasing a CARE property for at least two years, the tenant may have the opportunity to purchase the property at a discounted price.

Oregon Preschool For All

On the local level, the activism of parents with young children led to the passage of Multnomah County's Preschool for All initiative in Oregon, which is working toward universal preschool access for 3- and 4-year-olds through a marginal tax on high-income residents and workers. Voters in Multnomah County overwhelmingly supported "Preschool for All" on November 3rd, 2020, with 64 percent of voters approving the measure to extend early education to children across the County. Measure 26-214 directed the Department of County Human Services to administer the program. Preschool for All (PFA) connects 3- and 4-year-olds in Multnomah County to free, culturally responsive, inclusive preschool experiences. The program will grow over time, increasing the number of children and families that it serves each year.

Vermont Let's Grow Kids

Advocates at Let's Grow Kids (LGK), a Vermont nonprofit created to push for child care investment, assembled a team of business leaders from across the state and led a six-week sprint on early care and education.



Aly Richards, CEO of LGK, said business leaders at first wanted to see the budgets of childcare programs, confident the problems could be solved with smart financial management. Then they showed them those budgets. "They're like, 'Oh, I understand, this is a market failure. It's a business model failure,'" Richards said. In other words, child care businesses cannot create the desired product (high-quality care) at a price that is affordable for most parents. Treasury Secretary Janet Yellen in 2021 called child care "a textbook example of a broken market."

Some of the Vermont business leaders also wanted to open on-site programs, Richards said. Advocates then explained the factors that would be draining on those operations, including a shortage of early childhood teachers. “It’s not systemic, it’s not equitable,” she said.

Once the business leaders got on board that public investment was the only answer, LGK advocates gave them a list of Vermont’s revenue sources and asked them to choose a funding lever. The business leaders did an analysis, chose a payroll tax, and pushed for it in the legislature.



“Each of them said, ‘Tax me,’” Richards said. “Vermont makes more money, I make more money, my employees make more money, and we pay off this payroll tax surcharge, basically, before half the year’s over. That was the sort of final thing that pushed us over the finish line.”

Boston Neighborhood Villages

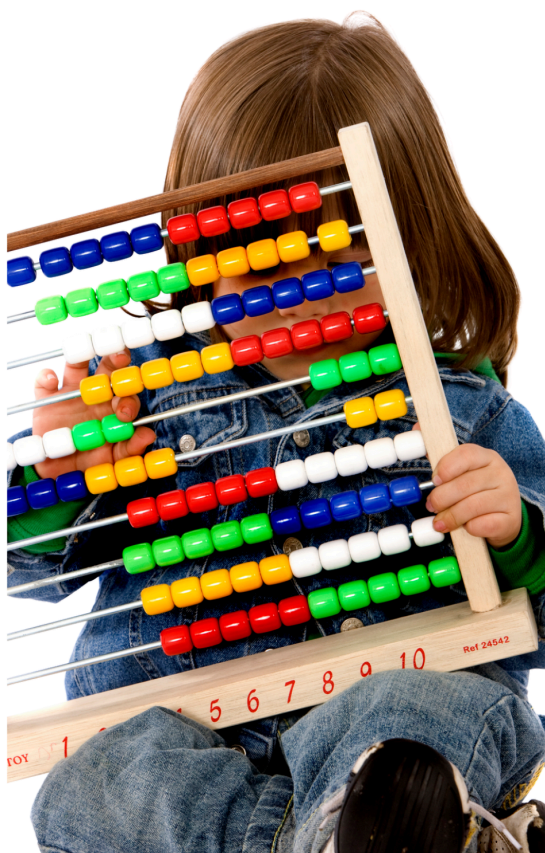
Neighborhood Villages designs and scales innovative and collaborative solutions to the biggest challenges facing early education and child care providers serving families with young children ages 0-5 and advances sustainable, equity-driven systems change through advocacy, education, and policy reform.

In partnership with five early learning centers in Boston, Massachusetts, Neighborhood Villages pilots and tests programs created to transform the early education and care delivery system. In The Neighborhood — our innovation lab — we test programs designed to scale statewide. Our goal? Demonstrate the infrastructure needed to create a high-quality, affordable, and equitable early education and care system. And prove that building it is possible.

Identifying/Creating New Funding Streams

Early care and education is expensive. The cost is being subsidized now through high costs for parents and low wages for teachers. As state governments play a bigger role in covering that cost, they are finding new sources of funding to help parents afford care and to raise teacher pay. In some cases, those are funds earmarked for early childhood out of a larger pot of money.

The Land Grant Permanent Fund, through a constitutional amendment in New Mexico, has been opened to early childhood, sending about \$150 million to the Department of Early Childhood Education and Care annually. The fund, the largest of its kind in the country, is financed by leases and royalties on non-renewable natural resources in the state. It will send \$1.34 billion to beneficiaries (mostly K-12 public schools and universities) this fiscal year.



In Oregon, the Student Success Act of 2019 sends 20% of its annual \$1 billion distribution to the state's Early Learning Account. Every year about \$10 million from the account is reserved for the Early Childhood Equity Fund, which goes exclusively to culturally specific organizations "that focus on closing opportunity gaps for children and families who face historical and current inequities due to factors such as race, income, zip code, or language," its website reads. In other states, increased taxes or new mechanisms are sending consistent public funding to early childhood systems.

Identifying/Creating New Funding Streams continued

For example, New Mexico's legislature in 2020 established the Early Childhood Education and Care Fund, which is funded by oil and gas revenue and dedicated to early childhood programs and services. The fund sent \$150 million to early care and education last year, with projections to send \$486 million annually by 2028.

Philadelphia - A significant portion of the proceeds from the 1.5 cents per ounce sweetened beverage tax is allotted for the city's pre-kindergarten system, PHLPreK. The boost in pre-K funding not only expands early learning but also frees up parents—especially in low-income families—to enter the labor force. (In order to qualify for a subsidized pre-K slot, parents must either have jobs or be taking courses.)

And just last year, Act 76 in Vermont established a Child Care Contribution, consisting of a 0.44% payroll tax and a 0.11% self-employment income tax. The tax will provide \$125 million in child care funding annually.

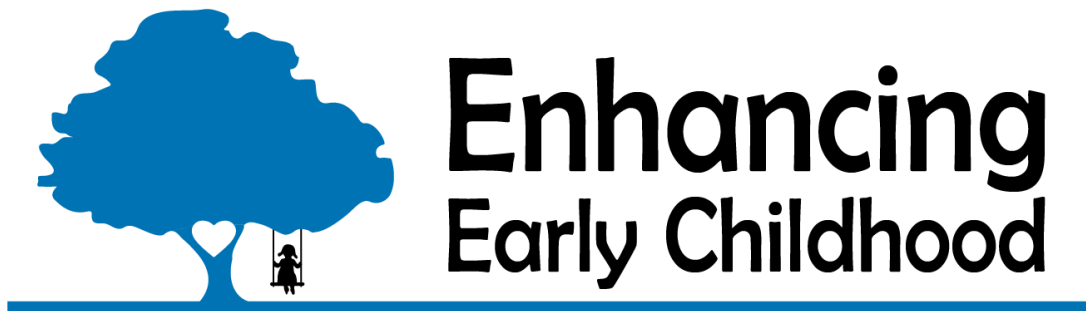


Now is the time to collaborate to find a solution that addresses the challenges in early childhood education.

For additional information, to schedule us to present to other groups, or to connect us with community partners contact us at:

FIRST THINGS FIRST

- Katrina Devinny, Pinal Regional Director, kdevinny@firstthingsfirst.org
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