



Invest in Child Care: It's Everyone's "Business"



The benefits of child care: Funding AZ's Early Care and Education (ECE) system is key to helping children, families, and the economy succeed. **The facts are clear; Supporting quality child care and ECE improves family well-being, strengthens communities, and grows our state's prosperity.**

- Child care helps parents get to work or school and contributes to a strong state economy.
- Funding quality ECE is a smart investment that makes sense and cents! Economists found that every \$1 invested in quality ECE yields a return on investment of \$9!
- Children who attend quality ECE settings build lifelong learning skills that help them thrive as citizens.
- Educators in the ECE field are the workforce that supports AZ's workforce. One toddler teacher helps up to 8 parents get to work. One preschool teacher helps up to 13 parents get to work.

What do AZ businesses have to say?

According to a report from the U.S. Chamber of Commerce Foundation and the Arizona Chamber, AZ is one of the ten fastest-growing states in the nation and is positioned to emerge from the pandemic with a strong and vibrant economy.⁴ Yet, finding and affording child care is a large issue for parents wanting to participate in the workforce. Without suitable child care options, many Arizonans will be forced to exit the workforce, which has a negative financial impact on their household and the state's economy. In fact, AZ loses \$1.77 billion annually due to child care issues.



The looming child care fiscal cliff:

During the COVID-19 pandemic, \$1.3 billion dollars in federal child care relief stabilized Arizona ECE providers. It helped child care programs improve wages, benefits, and professional learning for the ECE workforce—retaining qualified, essential educators to care for and teach our state's youngest learners. However, these funds start to run out and will sunset in September 2024, resulting in a child care fiscal cliff that could see 1,149 Arizona ECE providers close (nearly 1/3 of the state's licensed child care programs), and 99,691 AZ children and their families could lose the child care they depend on.²

That will negatively impact the AZ economy. Without sustained child care funding:

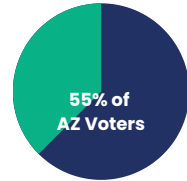
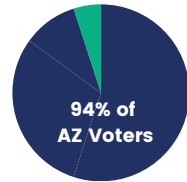
- AZ employers will lose \$278 million in employee productivity.
- The state will lose \$6.3 million in state income.
- Arizona parents will lose a combined \$257 million as a result of cutting hours or leaving the workforce altogether.

¹ National Bureau of Economic Research. (2017). [Quantifying the Life-Cycle Benefit of a Prototypical Early Childhood Program.](#)

² The Century Foundation. (2023). [Child Care Cliff: 3.2 Million Children Likely to Lose Spots with End of Federal Funds.](#)

Arizona voters consistently show bipartisan support for investments in child care and ECE.³

- In Arizona, 94% of voters believe it is important for working parents of young children to be able to find and afford quality child care. Specifically, it is 91% of Republicans, 91% of Independents, and 98% of Democrats.
- More than half of AZ voters believe that resources directed to child care and early learning programs benefit not just the family but the overall community.



Lawmakers can solve this by investing state dollars in quality child care. The state legislature should:	
1. Invest \$100M in FY2025 to the Arizona Department of Economic Security Division of Child Care to expand access to quality and affordable child care for children and families. <i>State funds will help eliminate an impending waitlist.</i>	
2. Expand eligibility for Child Care & Development Fund (CCDF) child care subsidies from 165% of the federal poverty level (FPL) to 85% of state median income (SMI) or 300% of FPL, whichever is higher.	3. Invest \$50M in FY2025 to create a child care facilities infrastructure grant to build supply in areas of need and increase the number of available slots.
4. Allocate annual appropriations from the State General Fund that match federal early learning dollars. <i>The State had done so for a decade before the 2008 recession.</i>	

Arizona Early Childhood Alliance (AZECA) is an alliance of more than 50 cross-sector early childhood champions who are working together to give all children in Arizona a great start in life. AZECA engages with government officials on early childhood issues that impact workforce development and the economy. AZECA members support state and federal agencies by providing credible information and resources to improve early childhood policy, and to inform and engage constituents to ensure that all children are prepared for kindergarten and are on track to succeed by the end of third grade. Learn more at azeca.org.

³ First Five Years Fund. (2023). [The First Five Things To Know About: A New Poll Showing Arizona Voter Support For Child Care Funding.](#)

⁴ U.S. Chamber of Commerce Foundation & Arizona Chamber of Commerce. (2021). [Untapped Potential: How Childcare Impacts Arizona's Workforce Productivity and the State Economy.](#)