



Bright Futures AZ Proposal Overview

Providing families access to child care not only improves children’s development and well-being, but is foundational to a thriving economy. When families have access to affordable and available child care, they are able to work and businesses have a more reliable workforce. However, many families in Arizona struggle with finding available care that they can afford.

- Disruptions in child care cause a \$4.7B economic disruption to Arizona’s families, employers, and state economy each year, with families losing \$3B in lost earnings and businesses losing \$958 million in reduced revenue and increased hiring costs.
- As many as one in four Arizona children need child care, but do not have access.
- Over the next 10 years, the need for child care in Arizona is expected to grow by 20%.
- Child care costs for a family should not exceed 7% of a family’s income according to the US Department of Health and Human Services, but in Arizona the average family pays 17%.

Governor Hobbs’ Bright Futures AZ initiative proposes a robust approach to supporting child care in Arizona.

Addressing child care will take the collective efforts of the state, early education, businesses, philanthropic partners and many others working together to find solutions. In partnership, this initiative will:

- Decrease child care costs
- Increase child care availability
- Support our early education workforce
- Support the sustainability of child care providers



Bright Futures AZ aims to primarily serve working families and make child care more affordable and accessible. The initiative will have many benefits for Arizona working families and the overall economy – including opportunities for families to work or pursue higher education should they choose and increasing employers’ access to an available and skilled workforce.

Bright Future AZ includes the following initiatives:

Governor Hobbs has proposed these initiatives as part of the Bright Futures AZ initiative in January 2025 which may change based on legislative action.

Decreasing Child Care Costs

Public-Private Partnership - A public-private partnership will allow the state, businesses, and families to share in the cost of child care for working class families. Through this partnership, the state will partner with interested businesses who will contribute a set amount per child each month that the state will match, up to \$400. The family will pay the remaining amount. This model could reduce the cost of child care by two-thirds for participating families. In other states, similar programs have seen high levels of employee retention as well. This partnership program will be targeted to serve children ages birth-five and managed by First Things First. Businesses, non-profit and other tax exempt entities could participate. A \$3M ongoing investment from the General Fund is requested to support this program.

Grant Program for Youth Ages 5-12 - A new grant program will create child care slots for youth ages 5-12 after school or during the summer. The grant program will

- Increase the number of students with access to child care,
- Increase access and affordability of child care, and
- Enable employers to attract and retain a talented workforce.

The grants will be made on a competitive basis and be managed by the Arizona Department of Economic Security. The proposed eligible entities include nonprofits, school districts and public or private child care providers who have experience providing child care for students aged 5-12 from working class families. A \$3M ongoing investment from the General Fund is requested to support this program.

Increase Child Care Availability

Increasing the Number of Licensed Child Care Providers - A recent survey by Candelen shows that there is an interest from home-based child care providers to become licensed (69% demonstrated interest). However, these caregivers shared that they face a number of barriers in the process. \$3.5M in one-time ARPA funds will be used to contract with an external entity that can provide tools and coaching to support interested child care providers in becoming licensed. Additionally, \$160K in ongoing funding will support three staff at DHS to expand support to providers who wish to become licensed.



Incentivizing Businesses to Create & Sustain New Child Care Slots - A child care tax credit will encourage businesses to create and sustain child care slots for their employees, rather than depleting the existing supply of child care. The tax credit will offer up to a \$100,000 tax credit for employers who

create or expand an existing child care facility or support its operational costs. It will also include business expenses to pay for child care for their employees and resource and referral services. \$1M from the General Fund ongoing is requested to support this effort.

Create a Parent-Focused Web Tool to Find Available Child Care - A parent-focused website will provide information to parents and families as they seek to find child care. The website will include information for parents on which programs have availability, are quality programs, and the cost of tuition. This funding may be used to create a new site or to enhance an existing one. \$500K in one-time ARPA funding is allocated to support this initiative that will be managed by DES.

Address Early Childhood Education Workforce Needs

Early Childhood Educator Child Care Scholarships - Early childhood educators often leave the classroom because they are not able to afford child care for their own children. By providing scholarships to support their care, participating educators will be able to continue leading their classrooms should they so choose, while having their children in nurturing child care environments. \$1M in one-time ARPA funds is allocated to support this program that will be managed by DES.

Encouraging More Arizonans to become Early Childhood Educators - In partnership with Local First Arizona, the organization will offer tuition assistance for individuals wanting to pursue a Child Development Certificate or an associate's degree to become an early childhood educator. Additionally, they will provide support to others to remove child care as a barrier to their good job and provide technical assistance to child care businesses. This work will be accomplished via an existing Good Jobs Network grant with Local First Arizona

Support Child Care Providers

Build Upon the Microbusiness Loan Program to Support the Sustainability of Child Care Programs - Build upon the successful Arizona Microbusiness Loan Program and its network of community lenders to connect child care providers with low-cost capital. Program lending partners offer entrepreneurs and small businesses with 5 or fewer employees loans up to \$50,000. Through targeted funding, lenders will enhance outreach and direct assistance to child care businesses and help them fund costs such as facilities upgrades, investment in employees, and new equipment purchases to build and maintain child care capacity.

For more information, visit <https://osi.az.gov/priorities/child-care>



