



Bright Futures AZ 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



Bright Futures AZ aims to primarily serve working families by making 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 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 pays the remaining amount. This model could reduce the cost of child care by two-thirds for participating families. In other states, similar programs have also seen high levels of employee retention as well. This partnership program will be targeted to serve children ages birth-five in households earning less than \$150K a year, with the goal of removing the child care barrier for families who want to remain in the workforce. 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
- Enable employers to attract and retain a talented workforce

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

Increase Child Care Availability

Increasing the Number of Child Care Providers - \$3.5M in one-time ARPA funds will be used to increase the number of child care providers and child care slots.

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.

Growing the Number of Child Care Providers in Northern Arizona

Local First Arizona is working to identify child care providers in northern Arizona, both unlicensed Friends, Family & Neighbor (FFN) providers and regulated providers, in need of technical assistance and business support to start or expand their childcare operations and/or to improve the quality of their childcare service delivery. Through their project two cohorts of up to 24 providers will participate in a business accelerator program and will receive technical assistance and support to strengthen their programs. The project will serve providers in Apache, Coconino, Mohave, Navajo, and Yavapai counties.

Enhance a Parent-Focused Web Tool to Find Available Child Care - Searching for available child care can often be a daunting task for parents and families. Funding has been made available to enhance a parent website to add information to help parents better find available care, including things like availability, quality status, and the cost of tuition. \$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. The program will serve early childhood educators who serve infants and toddlers or children birth to age 5 with disabilities.



Support Child Care Providers

Build Upon the Microbusiness Loan Program to Support the Sustainability of Child Care Programs -

The Arizona Microbusiness Loan Program and its network of community lenders will connect child care providers with low-cost capital, technical assistance and grants. Program lending partners will offer entrepreneurs and small businesses with 5 or fewer employees loans up to \$50,000. Additionally, \$500K in ARPA funds will be used to provide business coaching and grants to support the ongoing operational needs of child care providers.

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