

## Pima County Preschool Investment Program

“Data shows that one of the most effective strategies for economic growth is investing in the developmental growth of at-risk young children. Short-term costs are more than offset by the immediate and long-term benefits, through reduction in the need for special education and remediation, better health outcomes, reduced need for social services, lower criminal justice costs and increased self-sufficiency and productivity among families.”

*Dr. James Heckman, Nobel Laureate in Economics*

For at least the last decade, and even prior to the recession of 2008, the State of Arizona has demonstrated an unwillingness to fund universal preschool education, irrespective of quality, for three- and four-year-old children. In fact, the state has consistently underfunded the most basic custodial child care.

Recognizing that the best predictor of future behavior is relevant past behavior, it is unrealistic to believe that the state will budget any money for high quality early childhood education (QECE) in the foreseeable future. Pima County, however, has an opportunity not only to provide our most vulnerable children with this essential building block of educational development, but also to become known as a place where economic development and workforce development begin with a high-quality preschool experience.

Among the best evidence of the impact of failure to provide a QECE investment is the lack of educational attainment as children reach adulthood without such an investment. And while it is difficult to determine exactly how much tax money can be saved by making investments in QECE, here are some things to remember when thinking about making such an investment.

In 2015, the United Way and Lecroy & Milligan estimated that almost 10% of Pima County’s youth ages 16-19 years old (almost 2,300 of them) were at risk of becoming ‘Opportunity Youth’, who are disconnected from school or work. An Opportunity Youth is likely to be a lifetime burden on taxpayers because he or she will require almost \$14,000 of annual support (more than \$258,000 lifetime) in areas like public and private health expenditure, welfare support, crime interdiction, criminal justice interactions, and lost tax revenue contributions. In addition to these costs, the social burden attributed to this population is \$37,450 annually (\$759,900 lifetime). The impact of providing QECE to this population can return the investment many times over.

The Federal Reserve Bank of Minneapolis’ Rob Grunewald said in his review of four QECE programs, “Benefits of early childhood education include lower social costs (e.g. lower crime costs) and higher school achievement, educational attainment, and earnings. Benefit – cost ratios from these four projects range from \$4.00 to as high as \$16.00 returned for every dollar invested.” He recognizes that an investment in QECE pays impressive dividends for those bold enough to commit to it.

High-quality Early Childhood Education has been proven repeatedly to provide children, especially children from lower income and distressed families, the essential great start they need to succeed in

school. And when these children get that great start, they most often finish as successfully as they begin.

The citizens of Pima County recognize the value of QECE and believe that it is in the best immediate and long-term human and economic interest of Pima County for our children to have access to high-QECE. It is indisputable that a high-quality early childhood experience provides children with the tools to succeed throughout their educational journeys, their careers, and their lives.

While children in poverty benefit most from QECE, they have the least access to high quality care. Parents who can place their children in high quality care settings are able to continue meaningful, stable employment and contribute to their community. It follows then, that communities that invest in early education opportunities for children thrive, save money, and attract investment. The research is clear and unambiguous; the need for a comprehensive system of quality child care system for Pima County is self-evident: the entire community benefits when our children succeed in school and are prepared for employment in the jobs to be created in the 21<sup>st</sup> century. And because so many of these children are in single-parent homes, the ability of the employed parent to keep working is not just important – it is essential. Therefore, we introduce the Pima County Preschool Investment Program (PCPIP), an opportunity to invest in our most vulnerable children and to provide them with an exceptional chance for success in school, and in life.

### **Who will PCPIP help?**

As of 2017, there were approximately 27,000 3- and 4-year-old children in Pima County ((*U.S. Census, 2017*). Currently, approximately 20% attend high QECE. The average cost for 3 and 4-year-olds to attend a full-day (full parental workday of no less than six hours) QECE is estimated to be \$12,000 annually.

### **What are the essential elements of PCPIP?**

PCPIP will ultimately provide a significant number of spaces for high-quality, full day, full year, preschool for 3- and 4-year-old children in Pima County. (Including children currently enrolled, 12,000 QECE spaces would allow approximately 65% of Pima County 3 & 4-year-old children to attend QECE, including every child under 200% of the Federal Poverty level who wishes to attend.) PCPIP funds may supplement other funds, but in no case may PCPIP funds be used to supplant city, state, federal or private monies until 100% of eligible children receive placement.

- Eligibility for PCPIP will be based on family income, initially capped at 200% of FPL (Federal Poverty Level). As funds become available, eligibility can be raised to 400% FPL.
- For children up to 200% of FPL, there will be no family copay. Above 200% FPL, support will be allocated on a sliding scale, based on family income. In all cases, other childcare assistance (e.g. DES subsidy, FTF scholarships, private grants) will be included in consideration of the total PCPIP assistance. Every family applying for PCPIP assistance must apply for DES subsidy.
- Provider reimbursement will be based on the current cost of full-day (6 hours or more), full-year QECE (currently estimated to be approximately \$12,000/yr.).

- Cost support may be used at any high-quality preschool, as defined by Section 1. *ARS 46-805 (1) as 3, 4, and 5 star-rated preschools, and Head Start Programs.*

In order to increase the number of high QECE spaces in Pima County to accommodate the number of children who wish to attend, with or without cost support, PCPIP will: offer assistance to public school districts, facilitate the offering or expansion of high-quality preschool programs, and provide assistance to not-yet high QECE providers become high quality.

PCPIP will facilitate cooperation and coordination between QECE providers and the Public-School Districts.

PCPIP will provide dedicated funds for long-term program evaluation.

Administration of PCPIP will use existing systems and structures, as described below.

- First Things First (FTF) will be contracted for programmatic responsibility including, but not limited to:
  - Assessing QECE current and future need
  - Assessing QECE current and future capacity
  - Rating preschools for quality (with exceptions of settings described in Section 1. *ARS 46-805 (1) (2).*)
  - Offering a path to high quality for preschools that are not yet high-quality
  - Performing periodic evaluation of PCPIP performance
  - Receiving PCPIP monies from all sources
  - Disbursing PCPIP monies to contractors, and QECE providers
  - Determining family income eligibility (using existing family income data such as eligibility for SNAP or free or reduced lunch) including sliding scale-based cost support awards for children above 200%FPL

Current FTF levels of expenditure and effort will be maintained. Up to 10% of PCPIP funds may be used for administrative costs.

### **Where will the PCPIP Investment come from?**

The PCPIP funding can consist of revenues collected from Pima County property taxes as well as any other revenues expressly designated by the Pima County Board of Supervisors and other program sponsors, including all interest earned on those monies. The PCPIP funding allocations will be in addition to, and separate from, any other education funds that are now, or will be, annually appropriated by the Pima County Board of Supervisors. Additional government monies or private funds may be received by Pima County, FTF, or PCPIP for cost support for QECE for children or any of the activities described above.