

Executive Summary

Child Care and Early Learning in Arizona

A Landscape Analysis of
Challenges and Opportunities

AUGUST 2022

Executive Summary

This report includes data related to:

- the supply and demand of ECE;
- key themes of challenges and opportunities from engaged stakeholders, parents, and providers; and
- actionable recommendations to address the overarching goal of improving quality and access in the early learning system.

Access the full report at lisc.org/phoenix.

Parents, professionals, and stakeholders across Arizona view the investment in early care and education (ECE) as critical to address the gap between demand and supply and to stabilize and improve existing providers and caregivers. Regardless of where a child receives care—a licensed center, a certified home, or with a family, friend, or neighbor—their brains are developing rapidly from birth to five, so it is critical that the space be safe, inclusive, and support learning.

This Child Care and Early Learning in Arizona Landscape Analysis conducted by LISC Phoenix from August 2021 through July 2022 includes data related to the supply and demand of ECE; key themes of challenges and opportunities from engaged stakeholders, parents, and providers; and actionable recommendations to address the overarching goal of improving quality and access in the early learning system. Throughout the report, ECE and child care are used to represent the entirety of the child care and early learning sector.

Based on the learnings, the approach to address ECE in Arizona must include universal outreach to all providers to disseminate resources such as shared services through the AZ Toolkit and a targeted approach to proactively engage facilities with health and safety concerns in high need areas. The coronavirus pandemic did not cause Arizona's fractured ECE system. Low state reimbursement rates that have remained largely unchanged for almost 19 years have contributed to high staff turnover, where almost 20% live in poverty, resulting in almost half of Arizonans living in a child care desert. Two years into the coronavirus pandemic, parents still face tough decisions related to ECE. Many centers do not have available spots with waiting lists up to a year, and the costs to provide quality care have continued to rise. Parents express an increased need for part time, flexible, drop-in, and extended hour care and experience discrimination and extremely limited options based on language and care for children with physical and developmental disabilities.

Arizona has taken several key steps to stabilize the ECE ecosystem with federal pandemic funding. These investments have strengthened shared services, brought business training and support, and temporarily funded increases in revenue and wages. Yet the opportunity remains to leverage federal pandemic funding and identify sustainable methods to allocate state resources during fiscal year 2022-2023, while looking to build the infrastructure to support a more effective system in the long-term.

Within each of the recommendations outlined below, stakeholders have identified specific populations whose needs are not currently being adequately met. Targeted approaches to prioritize the following populations would likely lead to more universal benefits.

- ☐ Children who need care during nontraditional and variable hours
- ☐ Increase care for infants and toddlers
- ☐ Children living in rural areas
- ☐ Children with physical and developmental disabilities



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System level recommendations

1. **Dedicated and sustainable state and federal funding** must be designated for early care and education. While Arizona is in the process of investing \$1.2 billion of federal funding into ECE, Arizona has not allocated additional state funding towards ECE subsidies since the Great Recession ended in June 2009. This funding could provide permanent increases in provider rates to meet the cost of quality, ensure stabilization and expansion activities occur in geographic areas to meet the needs of families, and provide incentives for new and existing providers to enroll in Arizona's Quality Rating and Improvement System (QRIS) system.
2. **Accessible ECE data** would be valuable for parents searching for care, for providers considering growing their programs, and for the state to invest in expansion efforts driven by geographic demand. Arizona already has many of the components in place with the Child Care Resource & Referral (CCR&R) Network incorporating licensing and inspections data from the Department of Health Services, certification from Department of Economic Security (DES), financial assistance acceptance from DES and First Things First, as well as quality ratings from First Things First. The opportunity data gap that remains is the incorporation of available slots and waitlist data ideally by age and by provider. The Texas Child Care Availability Portal¹ is an excellent example for Arizona to consider for a more comprehensive data integration.
3. ECE providers have a difficult and extremely important job—caring for the youngest in Arizona. **Workforce recruitment, support, and retention** efforts should be targeted toward geographies serving families receiving subsidies and experiencing waitlists. This will require investments at the state and federal level to reduce the gap between the cost of care and subsidy rates to increase reimbursement rates as families cannot afford to pay more for care and providers cannot afford to charge less and retain qualified staff.



“The [ideal] environment is a nice outdoor play area that looks welcoming enough for children to climb and be adventurous. It is covered to shade them from sun. I envision a larger style classroom. I can see different cornered off areas, like a play area, a kitchen area, a sleep area. There is a lot of color. Happy, bright, and light. The toilet stalls are noticeable and visible to encourage potty training. There is no distinct smell, neutral is best. I hear laughter.”

FOCUS GROUP PARTICIPANT

4. Early care and education are a constantly evolving need throughout Arizona especially as the economy and populations change. **Mapping and data resources** like the Bipartisan Policy Center’s National and State Child Care Data Overviews² and Read on Arizona’s MapLIT³ project present a point in time picture of what is happening across Arizona. These issues need to be monitored constantly to understand the evolving demand for ECE and current supply. As policy, strategy and funding changes, this unique issue, as well as the overall quality of ECE supply in Arizona, should be re-visited regularly to best serve Arizona families.
5. As a state, Arizona should explore a **collective impact model** with a neutral, backbone organization to build on its common agenda, establish shared measurement, align mutually reinforcing activities, strengthen relationships, and ensure a dedicated team⁴. First Things First continues to successfully improve the quality of ECE in Arizona by investing in early education and health programs. Arizona Early Childhood Alliance and Children’s Action Alliance provide critical advocacy components such as aligning support for state agencies, advocating for programs, and informing responses to state

and federal budgets. Yet, stakeholder interviews consistently indicated that leadership needs to not be competing for the same limited funding as providers, and there needs to be a dedicated backbone organization to comprehensively support the entire ECE spectrum including family, friend and neighbor caregivers as well as strategies to invest in deteriorating infrastructure. National technical assistance providers, such as BUILD Initiative and Opportunities Exchange, support this type of system level change and are referenced in Appendix F.

Facility specific strategies

1. To address the complexities of ECE facilities, Arizona needs to develop collaborative approaches to not only invest current federal ECE funds but also **establish a pooled fund of federal, state, private, and philanthropic dollars** (grant, debt capital, etc.). ECE providers are just that—amazing providers of early care and education. They are not architects, building developers, general contractors, or trades people (i.e., plumbers, electricians, etc.). To stabilize and increase capacity of Arizona’s ECE sector, investments are needed to provide technical assistance, capacity building, and pre-development activities as well as provide funds to address health and safety violations, improve quality, and increase equitable access to ECE.
2. Arizona has an opportunity in 2022 to invest current federal ECE funds and develop a future pooled fund to **empower supply building activities** that will sustain beyond the dollars.
 - With community, provider, and stakeholder input, create an extensive outreach plan that prioritizes neighborhoods and providers based on needs identified to address technology, technical assistance, and capacity building.
 - Develop an outreach and infrastructure assessment for existing operators to increase their capacity within their existing infrastructure.
 - Improve the quality of existing operators by funding light renovations and facility improvements that prioritize addressing health and safety violations as well as address areas for quality rating improvement to increase reimbursement rates.
 - Cultivate a network of ECE facility and infrastructure champions to include architects, contractors, vendors, inspectors, and investors that will advocate for and aid in the execution of supply-building activities.
 - Facilitate and incentivize pre-development activities with developers and contractors for new high-quality ECE spaces and suitable renovations to existing spaces.
3. Providers self-reported physical space needs likely creating a response bias and under reporting of facility health, safety, and deferred maintenance needs. ECE providers would benefit from education and resources to better understand their **facility needs** but more important is for Arizona to directly invest in trained personnel to conduct facility assessments—identifying needs and integrating them into the provider’s improvement plans.
4. Ensure ECE providers have the technology, training, and technical assistance to support **greater sophistication in business management**. This includes systems, software, and hardware that can create efficiencies and sustain business operations around attendance, record keeping, and business management practices.

Next steps

1. Immediately work with Arizona state agencies to **leverage the federal Child Care and Development Fund** investments to address ECE infrastructure stabilization and expansion for lasting change to the ECE landscape.
2. **Establish a data agreement** with the Arizona Department of Economic Security and Department of Health Services to collaboratively identify ECE providers serving children receiving subsidies who have health and safety licensing violations to prioritize infrastructure investments.
3. **Design and implement a family-friendly integrated data platform** that brings together ECE data in a consumable format to include licensing information, contracted providers for subsidies, quality ratings, and availability for each ECE provider. Arizona's ability to address current ECE waitlists in a strategic and targeted way as well as development planning to ensure ECE providers are incentivized to build and expand where populations demanding ECE are projected to grow is limited by siloed data. This would reduce vacancies and increase revenue for ECE providers while reducing frustration for parents searching for care by more easily letting the community know of available slots.
4. Over the next year, **further relationships** that will enable the development of a long-term ECE facilities fund to include stacked funding invested from the federal and state government, philanthropy, corporations, and other stakeholders to continue to address the key needs identified throughout this report.

LISC Phoenix's commitment to early care and education

LISC Phoenix is positioned with a unique opportunity to become a core partner in stabilizing and growing the ECE infrastructure in the state of Arizona. Four years ago, LISC Phoenix was invited into the ECE space through conversations with First Things First to explore what it would take to conduct a facilities needs assessment. Leadership turnover throughout Arizona agencies and COVID displaced these conversations until the opportunity for this Child Care and Early Learning in Arizona Landscape Analysis partnership with Vanguard Strong Start for Kids began in 2021. Through this outreach and engagement process, key relationships were established with multiple state agencies—raising everyone's awareness of facility needs, the lack of funding streams for facilities, and the opportunity that federal funds could stabilize existing infrastructure and look to a future of growing new infrastructure. LISC Phoenix is prepared to take on this role with support from LISC national and emerging investments. As an intermediary, we are positioned to seek opportunities to further raise public and private dollars to deploy thoughtfully with the ECE sector.

About the Full Report

The goal of this project was to identify gaps and opportunities for LISC Phoenix and partners to invest in ECE.

Access the full report at lisc.org/phoenix.

The Child Care and Early Learning in Arizona Landscape Analysis was commissioned by Local Initiatives Support Corporation, Phoenix (LISC Phoenix) and funded by a Strong Start for Kids grant from Vanguard. While the early care and education (ECE) is a new area to LISC Phoenix, understanding data, engaging with community, developing a plan, and implementing that plan are not new. LISC Phoenix has been part of the Phoenix metro ecosystem since 1992 collaborating with place-based organizations, corporations, foundations, and public partners to create innovative approaches that address systemic challenges in housing, economic development, and financial stability. This report details the findings of data collected from August 2021 through July 2022 and includes data related to supply and demand of ECE; key themes of challenges and opportunities from engaged stakeholders, parents, and providers; and actionable recommendations to address the overarching goal of improving quality and access in the early learning system.

Guided by LISC National's expertise in ECE and early education financing and facilities development, LISC Phoenix completed a regional landscape analysis informed by existing data, key informant interviews, focus groups, and surveys. The goal of this project was to identify gaps and opportunities for LISC Phoenix and partners to invest in ECE. The geographic areas this report focused on include the First Things First Regional Council areas of East Maricopa, Phoenix South, Salt River Pima Maricopa Indian Community, and Southeast Maricopa. These geographies were selected because they overlap with LISC Phoenix's existing service areas and were an established way to begin understanding regional challenges and needs. A substantial amount of data was collected throughout this project. The items included in this report are those viewed as the most relevant opportunities for Arizona to address the identified needs.⁵

REFERENCES

- 1 Texas Health and Human Services. Texas Child Care Availability Portal. <https://find.childcare.texas.gov/welcome>
- 2 Bipartisan Policy Center. National and State Child Care Data Overview. <https://bipartisanpolicy.org/report/national-child-care/>
- 3 Read On Arizona. MapLIT Mapping Tool. <https://readonarizona.org/data-tools/maplit/>
- 4 Collective Impact Forum. What is Collective Impact? <https://collectiveimpactforum.org/what-is-collective-impact/>
- 5 For interested parties, LISC Phoenix can provide more information including detailed methodology.

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