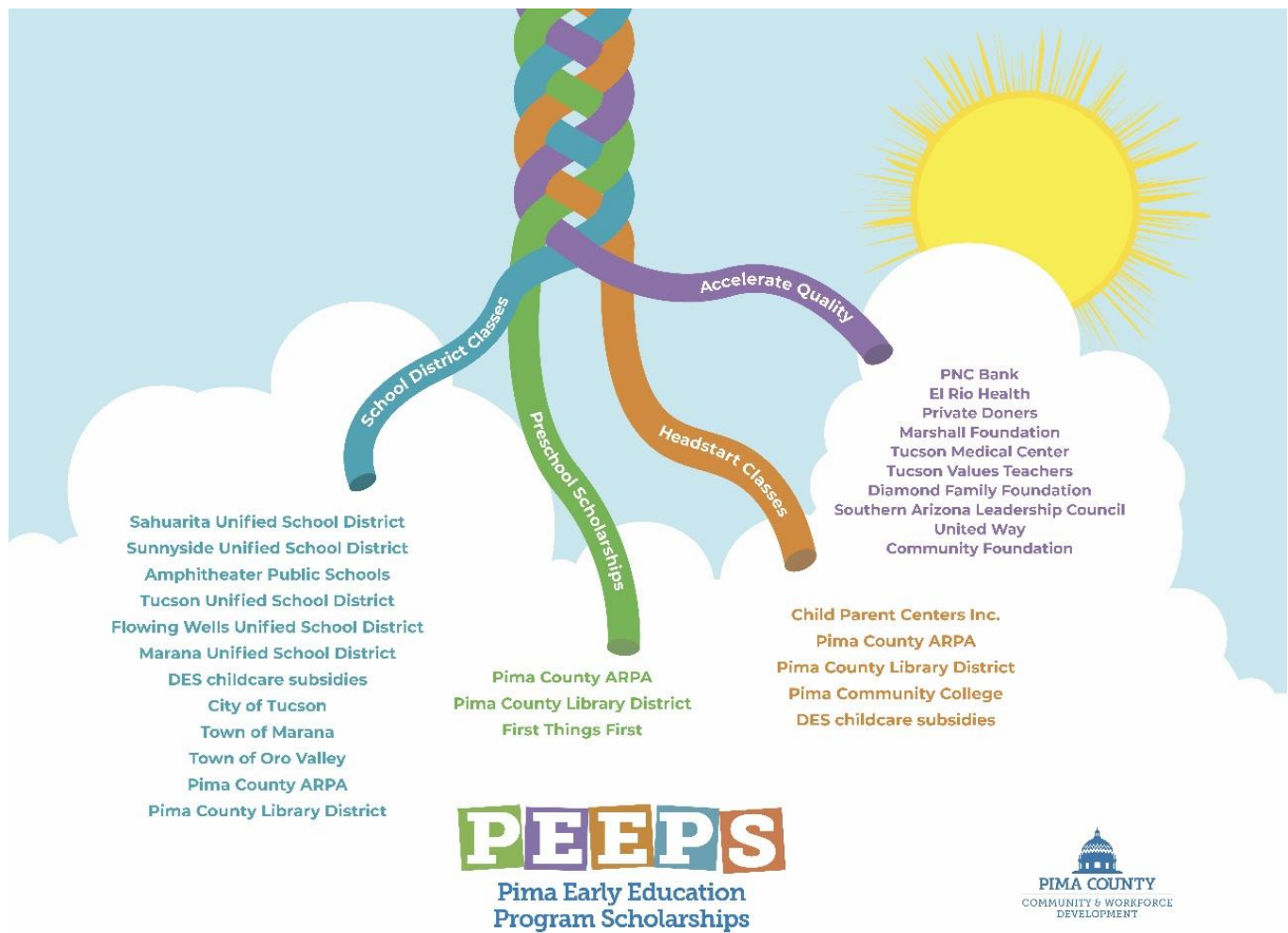




# SUPERCARGING PEEPS

MAY 8, 2025, MULTISECTOR CONVENING

*Meeting Summary: How to build on a successful publicly funded high quality early education scholarship program by harnessing our collective resources, inventorying our assets and unlocking efficiencies to meet the needs of families and businesses in Pima County Arizona.*

# TABLE OF CONTENTS

## Contents

|                             |    |
|-----------------------------|----|
| Introduction                | 1  |
| Meeting Highlights          | 3  |
| Small Group Discussions     | 4  |
| Emerging Ideas              | 8  |
| Next Steps                  | 9  |
| More Background Information | 10 |
| Contact Information         | 10 |



## Growth and Impact of Pima Early Education Program (PEEPs)



### How It Started

In Spring 2021, the Pima County Board of Supervisors launched the Pima Early Education Program (PEEPs) scholarships, investing \$30.2 million in the children of Pima County.



**\$30.2 million**

3-year ARPA CSLFRF Investment

### Funding Sources

To create a larger impact across the region a braided funding model is used with the following sources:

- Federal Dollars (ARPA CSLFRF)
- Pima County Library District Tax
- City of Tucson
- Town of Marana
- Town of Oro Valley
- Participating School Districts

### Insights and Impact

Since 2021, we have seen an increase in the number of high-quality preschool providers in our region and have since increased our costs to meet the cost of quality care needs for each child.



**\$12,000**

Average cost per child



**304**

High Quality preschool providers in SY2024

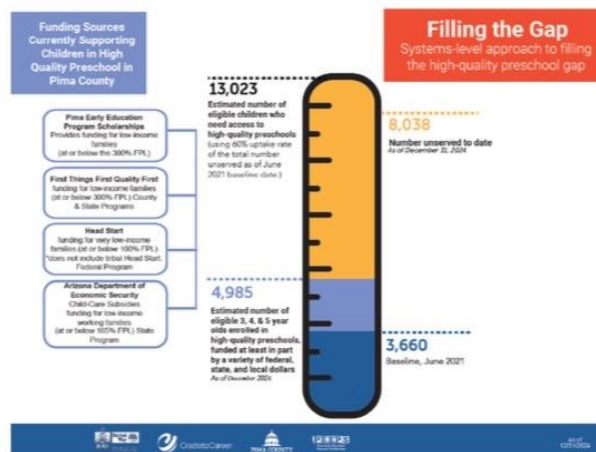
### Total Number of Students Served SY2022 – SY2024

- Head Start
- School Districts
- Quality First



Collectively PEEPs and our partners are serving 4,985 preschool-aged children

**38% of the need**



# INTRODUCTION

## Introduction

### WHAT IS PEEPS?

In the Spring of 2021, the Pima County Board of Supervisors took bold action to create Pima Early Education Program scholarships (PEEPs).

PEEPs is designed to assist children from income eligible families to attend high quality preschool at over 100 locations across Pima County. By actively collaborating with existing state and federal programs, the target is to assist all income eligible families who want to send their children to high quality preschool in Pima County.

A wealth of data shows that investing in high-quality preschool provides short-term and lasting benefits to children, families, schools, taxpayers and the community.

[Source: <https://www.pima.gov/975/Pima-Early-Education-Program-Scholarship>]

### HOW IS PEEPS CURRENTLY FUNDED?

Funding for PEEPs is provided by Pima County's Library tax, capped at \$10 million per year and additional funding is provided by the City of Tucson, Towns of Marana and Oro Valley, and participating school districts. Donations to the United Way of Tucson and Southern Arizona from individuals, businesses, and non-profits complement the program.

There are three components to the PEEPs program: Free school district preschool classes, Quality First scholarships, and extended-day Head Start programing.

A "Last Dollar In" Approach: The innovative 'Last Dollar In' approach allows PEEPS to complement existing ECE subsidies such as scholarships from DES, Head Start, and Quality First by filling those other scholarship spots first. This approach helps ensure that PEEPS funding is expanding the pool of children receiving support and fully utilizing available funds.

[Source: United Way Assessment of PEEPs]

### OVERVIEW OF NEED

PEEPs and other programs assisted 6,200 children from families with incomes at or below 300% of the Federal Poverty Level (FPL) in attending high-quality preschool programs in Pima County. This means that collectively PEEPs and other community partners are serving about 48% of the need (6,200 out of 13,32).

# INTRODUCTION

## LOOKING AHEAD

PEEPs public funding sources have established a foundation for continued access to high-quality early education for a limited number of young children. However, public funding sources are insufficient to meet the current needs of families, employers and the early education workforce into the future.

The business community writ large has repeatedly identified access to high-quality early childhood education as a key issue for current workforce recruitment and retention as well as for workforce development into the future. The continued economic growth and development of this region will depend upon in part, how well we address this ongoing need.

It is incumbent upon all sectors within Pima County to come together, identify our collective capacity to supercharge and scale this highly successful program by inventorying and combining our assets, aligning our resources and unlocking our collective efficiencies. We are all holding unique puzzle pieces and it is time to create a new picture so we can assemble those pieces. This report summarizes the initial conversation to do just that. You are invited to continue this conversation as we prepare to embark on a unique multi-sector, public/private partnership journey in the pursuit of “supercharging PEEPs”.

Kelly S Griffith  
Executive Director

***“I am so grateful for this program it has benefited my son on so many levels. All staff are welcoming and supportive” – PEEPs Parent***

***“I am grateful for the 5 scholarships our school is receiving. It allows 10 children to attend our school who otherwise could not. The scholarship program helps our school to be sustainable. Without it, we would surely be out of business.” - Quality First Provider***

# MEETING HIGHLIGHTS

## Meeting Highlights

May 8, 2025, community leaders from a wide variety of sectors including, public education, government, philanthropic, healthcare, nonprofit, early childhood education experts and business came together for a two-hour meeting to discuss HOW- not if – to make high-quality early education available to every family who needs it in Pima County. The goal is to create a sustainable complimentary funding stream in which all sectors of our community can contribute to in a wide variety of ways that can serve families with differing income levels and needs. The braided funding model is already in place and PEEPs is a demonstrated success. No new wheels need to be invented.

The participants were mainly from Southern Arizona, but some traveled from Phoenix to join the discussion. Each participant received a packet of resources that explained PEEPs value and process. While there was agreement that it is a positive benefit for the 1400 young children who currently attend preschool on scholarship is something to celebrate – that number is down from nearly 2000 scholarships from 2023-2024 due to loss of state and federal child-care funds – there are many more families, workers and young children who need financial assistance to attend high-quality preschool than what public funding sources can support through PEEPs scholarships.

Many good ideas emerged from the small group brainstorming portion of the meeting including but not limited to sliding scale eligibility, tax credits, pooling of resources for small business child-care tax credits, advocacy at all governmental levels, employee benefits, support for public schools and utilizing vacant spaces.

Cross-sector idea generation was the purpose of this initial convening. Ideas were recorded as notes during the discussion and are listed and/or condensed in this summary report. This is the starting point of a larger community conversation that will ultimately result in a recommended action plan which will involve all sectors in the region.



# SMALL GROUP DISCUSSIONS IDEAS

## Small Group Discussions Ideas

### SMALL GROUP DISCUSSION HIGHLIGHTS

- Advocate for money from Federal and State budgets – Lots to lose if we don't
- Consider Michigan and Kentucky state funding models – 1/3 state pays, 1/3 employer pays, and 1/3 parents pay preschool tuition costs
- Braid in preschool funding as part of University, PCC and k-12 budgets
- ECE teachers need equitable pay like k-12 teachers
- Look at Phoenix approach: up code analysis to fund scholarship slots in hubs – areas with high concentration of poverty
- Focus – concentrate monies
- Expand eligibility to align with federal parameters to allow more capacity – policy changes
- Inventory public school needs and assets as it relates to each district to expand capacity in early childhood education – some districts are expanding, and others are contracting. The inventory could help modify the estimate of financial need as well as strategies for the function of PEEPs programs operated by school districts. Assess whether school district buildings could be repurposed for ECE facilities.
- The goal of 11-12k new scholarships is a realistic and achievable number
- From healthcare perspective, protecting Medicaid and other early learning infrastructure federal and state funding sources is on Shakey ground; infrastructure of funding to do this (federal/state tax?)
- Capacity and quality must keep pace together – (buildings, infrastructure, higher wages for ECE teachers)
- Business – retention- increases incentivizing and attracting quality workforce
- Public Private partnerships work well when they are managed correctly – ripple effect of engaging highly educated, motivate individuals. There is not one size that fits all find options for small, medium and large business to participate
- Involve young people, start early and help families raising children
- Do a policy review using the review as a potential tax source of public money (lottery, gaming, vape/tobacco products --sin taxes) – Investigate the tax code
- Create a new eligibility rubric (middle income families vote!)
- Businesses are not using federal 45F – business tax incentive (mid to large size businesses) to stand up their own childcare centers. Look into co-op models. Need a tax expert in the room for more information. Provide opportunities for businesses to learn more about 45F credit.
- Do better messaging to targeted audiences – high quality pre-k is NOT Daycare, talk about the return on investment not just to business but voters
- Be realistic, creative in messaging – keeping AZ unique perspective as a framing context

## SMALL GROUP DISCUSSIONS IDEAS

- Business community invests and/or matches funds to attract and retain higher quality workforce
- Do a preschool business cost analysis – why is it so expensive – are there efficiencies that can be identified and applied to lower costs?
- Need a more detail description/definition of private sectors role
- Opportunities to build public private partnerships to support a new sector of families with high-quality early learning. Aligning recruitment efforts of high-quality employers with access to affordable childcare.
- Refine the tiered scholarship and financial support system, involve private foundations (maybe foundations can “pool” resources for larger impacts?) Utilize philanthropy support for lower income families; utilize bigger business contributions combined with sliding fees for high-income workforce families. Incentivize employees in alignment with funding sources
- Perhaps explore a “health tax such as the state of Florida” with a portion of tax to go toward supporting preschool for healthcare workers
- Value proposition – continue to build political will and understanding of the cost savings of more young children having access to high quality early learning
- Continue to highlight the success of PEEPs to place pressure on elected leaders that this is working and help build more political will
- Policy at the state level will require a lexicon shift from childcare to workforce talking points
- Reuse existing facilities and spaces for classrooms, is there commercial real estate/vacant businesses that could be re-purposed?
- Does concentrating impact costs? Can it reduce costs?
- Supercharging PEEPs includes ensuring 100% of the serviceable area market is addressed
- Map the need by zip code, ward, school and political districts
- Increase broad regional awareness of benefits to community and need
- Grow scholarships through manageable, incremental, scalable goals year over year
- Look at the mining and extraction business tax – start now to look at that workforce needs
- Capture snowbird, transplant philanthropic giving
- Diversify funding streams to insulate PEEPs from market/economic/political funding shifts
- Get the state vaping tax passed – enlist business support for this legislation
- 24/7 professionals could come together and work on 24/7 childcare needs issue
- Businesses could co-locate childcare by contracting with 3<sup>rd</sup> party companies that have the expertise, insurance etc.
- Any regional (city or county or large businesses) new construction should include ECE facilities as part of the design
- Utilize public bonds and/or override funding mechanisms include ECE as part of package
- Utilize tax credits – change laws to include PEEPs

## SMALL GROUP DISCUSSIONS IDEAS

- Messaging needs to be integrated with partnerships
- Structurally look at running scholarships through expansion of FTF funding, employee match funding/payroll deductions – use the 529 college savings model for ECE
- Look into the need to convert “credit hours” to change the cost of 2–4-year ECE degree by giving credit for time on classroom setting
- Bring middle class families into the conversation as part of the upcoming fall convening
- Chronic employee absenteeism is part of this broader issue
- Communication, Outreach, Education – consistent messaging across channels.
- Work with existing state level advocacy structures and efforts
- Create permanent structures for funding in the private sector including endowments
- Quality is tied to people who deserve fair pay
- Continued data collection, needs assessments and gap analysis through public/private partnership lens
- Initiate action working with the Chamber of Commerce and United way to push through 45F tax credit proposal to pool \$ to 600K with 50% back as tax credit
- Look at funding streams and target populations – Head Start (lower income) what about higher income earners? Tiered rates
- Increase funds for home providers
- Tap into national networks
- Give grants to high quality centers to maintain capacity for enrollment, don’t raise rates raise quality with grant funds
- Ask business to pay for a specific number of preschool slots at a high-quality center for staff
- Help businesses understand which/where/what re: high-quality centers – highlight choice
- Widen eligibility for DES – “middle gap”
- Efficiencies: coordinate so ECE systems are all working together
- Dispensaries tax money
- Employers – what is the compensation level willing to invest; who are you retaining?
- Centralize place for private funding dollars

### EMERGING THEMES TO INCREASE FUNDING FOR PEEPS

- New state level tax opportunities (vape, dispensaries) & creative tax opportunities related to business such as hospital tax
- State, Federal, Local Advocacy with centralized messaging & outreach
- Inventory of existing capacities and space
- Look at areas of concentration to maximize impacts and efficiencies

## SMALL GROUP DISCUSSIONS IDEAS

- Broaden/Tier support for access to middle class/higher income earners to help support low-income scholarships
- Pool Business and philanthropic dollars for maximum impact
- Tax credits for businesses and families
- Streamline efficiencies within the ECE system as a whole
- Diversify funding streams include bond and overrides
- Engage broader community for more private contributions
- Shared costs – tiered fee structures



# EMERGING IDEAS

## Emerging Ideas

### PRIVATE PUBLIC PARTNERSHIPS

We need to create a solid foundation for a robust public private partnership. The goals should be incremental and increase year over year. No one size fits all. This effort needs to be broad and inclusive.

### TIERED FUNDING SYSTEM

A tiered funding system where costs are shared by families, government, business and philanthropy to ensure resiliency, stabilize capacity and maintain diversity of the early childhood ecosystem

### ONGOING CONCERN

Early childhood educators need opportunities and equitable compensation

### TAX INCENTIVES, EFFICIENCIES AND NEW TAX REVENUES

More information is needed on existing state and federal tax incentives, and more information is needed to identify possible systems level efficiencies. More information is needed to understand legislation that could solidify new tax revenue sources for the whole ECE ecosystem.

### TAKEAWAYS

There needs to be local and state political leaders, tax experts and middle-income wage earners in the room at our next convening in the fall.



## NEXT STEPS

### Next Steps

- 1.1 Disseminate this document to all participants
- 1.2 Poll for optimal date/time for larger fall convening
- 1.3 Enlist needed “experts” for fall convening
- 1.4 Continue to solicit feedback and distill emerging ideas
- 1.5 Create a list of “actionable” items based on this convening
- 1.6 Identify leaders for each actionable item



QUESTIONS? NEED MORE INFORMATION? CONTACT:

Questions? Need More Information? Contact:

<https://salc.org/peeps>

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