AGENDA MATERIAL
DATE 5/6/25 ITEM NO. RA 35-48

MEMORANDUM

Date: May 5, 2025

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Lesher
County Administrator

Re: **Pima Early Education Program Funding is Sustainable**

The Pima Early Education Program (PEEPs) is serving over 1,400 children this year and the feedback from parents, teachers, Library administration and other stakeholders continues to be extremely positive. On March 27, 2025, the mid-year report for PEEPs was sent to the Board of Supervisors (Board) and the City of Tucson and Town of Marana Managers. The Memorandum stated the Board would soon be asked to approve 14 contracts to continue implementing PEEPs, transition the American Recovery Plan Act (APRA) funded share of PEEPs to the Library District tax levy, and to continue to allocate city and town funding contributions to the program. This Memorandum provides an update on the funding sources and a comprehensive list of the contracts and funding agreements on the Board's May 6 agenda for approval.

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Funding

The use of ARPA funding for PEEPs was always understood to be temporary. In fact, when the Board of Supervisors originally created PEEPs in 2021, the direction to staff was to budget $10 million a year from the County's General Fund. A few months later the County received ARPA funding for pandemic recovery and made the switch since childcare and early education was an eligible use of the funds.

While the original plan was to return to County General Funds as the funding source for PEEPs after the ARPA funds were expended, there was a change in Library District statutes which enabled the Library to fund early education and literacy programs like PEEPs. As a result, the Board made the decision to transition PEEPs to the Library District once the ARPA funds were expended. In preparation for the transition, the Library District tax was increased by 1 cent. The Library has also been carrying a fund balance from year to year. As with other special taxing districts, fund balances go up and down depending on annual needs for operating and capital costs. Looking into the future, the Library District is a sustainable and appropriate source of funding for PEEPs.

Contributions from cities and towns also fund PEEPs and we hope these contributions continue. Over the four (4) years of the program, the City of Tucson, Town of Marana and Town of Oro Valley have contributed funding. Tucson funds three Amphi preschool classes

and two Sunnyside preschool classes. Marana funds one Marana Unified School District class. Oro Valley funded new preschool-age appropriate playgrounds at several Amphi elementary schools that include new PEEPs classes. While Oro Valley's funding was fully expended last year, discussions and site visits occurred recently with the Mayor and Town Council Members with the goal of the Town again providing support in the future.

Tucson's initial year contribution was $1 million, which was later reduced to $750,000. Tucson's City Manager's recommended budget for next fiscal year recommends eliminating City funding for PEEPs next year ($750,000). There have been comments that the City shouldn't have to contribute now that PEEPs is a library program since City residents pay library property taxes. The fact is that 60% of the children served by PEEPs are served in the City of Tucson, and City taxpayers pay 39% of Library property taxes. Families in the City are disproportionally benefiting from PEEPs, which is appropriate since the there is a higher need within the City. But to say that City taxpayers are paying twice if the City continues contributing $750,000 is not accurate.

Table 1 PEEPs Children Served in the City of Tucson

Fiscal Year 2024-2025/ PEEPS Year 4			
	PEEPs (entire program)	**PEEPs (in City of Tucson)**	**City Share**
Total # children served*	1,411	847	60%
Total # PEEPs providers	228	155	68%
Budgeted amount	$12,940,280**	$750,000	6%

*This number is only through Quarter 2 of this year's programming. Cost per scholarship increased this year due to AZ Dept of Economic Security ARPA funding ending which had been subsidizing many scholarships.
**This number is higher than usual as we had unused ARPA dollars that carried forward from Year 1-3

One of the three components of the PEEPs program is extended day Head Start classes. Through PEEPs the County funds additional hours of programming to support parents remaining in the workforce. We have been in regular communication with Child Parent Centers, Inc, this region's Head Start provider and our contractor. While President Trump's budget proposal is to eliminate all funding for Head Start, the budget Congress approved in March provides Child Parent Centers with funding through August of 2026.

Contracts

Below is a list of the 14 contracts on the Board's Agenda for May 6, 2025 as well as the budgeted amounts for FY26. The City and Town contracts are 1-year contracts while the Library District funded contracts are for three years. The Agenda lists the source of funding

as "CWD Special Revenue Fund". This is the fund to which the Library District funding is deposited since Community and Workforce Development will continue to administer PEEPs.

Table 2 PEEPs Expense Contracts and FY26 Budget

Contractor	BOS Agenda Item No.	Contract No.	Contract Term	FY25-26 Budgeted Amount
Amphitheater (City Funded)*	46	CT24*448	1 year	$ 466,635.60
Amphitheater	38	PO25*9251	3 years	$ 1,555,452.00
Flowing Wells	40	PO25*7946	3 years	$ 483,918.40
Marana (Town Funded)*	45	CT21*489	1 year	$ 155,545.20
Marana	36	PO25*8364	3 years	$ 501,201.20
Sahuarita	39	PO25*7952	3 years	$ 172,828.00
Sunnyside (City Funded)*	47	CT21*430	1 year	$ 311,090.40
Sunnyside	41	PO25*8368	3 years	$ 466,635.60
Tucson	35	PO25*8371	3 years	$ 1,555,452.00
Child Parent Centers	42	PO25*8464	3 years	$ 393,616.00
Child Parent Centers	43	PO25*7656	3 years	$ 937,595.00
First Things First	37	PO25*11165	3 years	$ 3,703,301.00
First Things First**	N/A	CT22*385	6 months remain	$ 560,000.00
Administrative Budget	N/A	not contracted	NA	$ 230,000.00
				$ 11,493,270.40

Table 3 PEEPs Revenue Contracts

Contractor	BOS Agenda Item No.	Contract No.	Contract Term	FY25-26 Budgeted Amount
City of Tucson	44	CTN21*129	1 year	$ 750,000.00
Town of Marana	48	CTN21*128	1 year	$ 139,545.20
				$ 889,545.20

Expansion of PEEPs

PEEPs is an extremely successful program and others in the community are considering how it might be expanded. Preschool Promise, the early childcare and education advocacy group that is very active around PEEPs, is hosting a meeting in the coming weeks to ask the business community and others what ideas they have for expanding the program. In addition, staff are methodically developing a plan to transition to a sliding scale/partial fee program for families on the upper end of the income eligibility scale whose children attend PEEPs school district preschool classes. This additional funding could then support more children, growing the

program. To be clear, both of these efforts are to expand the program, not sustain it. PEEPs is sustainable and successful in its current form.

JKL/anc

Attachment

c: The Honorable Dustin Williams, Pima County School Superintendent
Timothy Thomure, City of Tucson Manager
Terry Rozema, Town of Marana Manager
Jeff Wilkins, Town of Oro Valley Manager
Carmine DeBonis, Jr., Deputy County Administrator
Steve Holmes, Deputy County Administrator
Art Cuaron, Director, Finance and Risk Management
Terry Cullen, MD, MS, Director, Health Department
Ken Walker, Interim Director, Grants Management and Innovation
Amber Mathewson, Director, Pima County Library
Dan Sullivan, Director, Community and Workforce Development
Heath Vescovi-Chiordi, Director, Office of Economic Development
Rhonda Pina, Deputy Director, Community and Workforce Development
Nicole Fyffe, Senior Advisor, County Administrator's Office
Nicole Scott, Pima Early Education Program Manager

PEEPS

Pima Early Education Program Scholarships

Goals:

To increase the number of 3-5 year-old children from low-income families attending high quality preschools in Pima County, and to increase the number of high quality preschools in Pima County.

Program components:

School District expansion classes are created with direct contracts to six Pima County school districts to provide free preschool for eligible families on existing school district campuses. These classes must be high-quality preschool classes and operate for a minimum of 6 hours a day and follow the district's 10-month school year.

PEEP Scholarships are provided to over 100 high-quality preschool programs across Pima County through the First Things First Quality First scholarship system. These programs must have an active Quality First star rating of 3-5 stars and be eligible to receive scholarships.

Extended Day Head Start classes extend the Head Start preschool day to a minimum of 6 hours at 10 locations across Pima County. Families must be eligible for Head Start services to access these PEEP classes.

Guiding principles:

1. Increase high-quality preschool capacity while addressing existing need for financial aid.
2. Distribute scholarships efficiently and effectively through existing programs and partners.
3. Do not supplant existing public assistance for preschool and utilize local funding as a "last dollar in" approach.
4. Coordinate with existing agencies that provide public assistance for high-quality preschool to establish baseline need and simple system-level benchmarks, monitor progress and refine collaborative efforts to improve the system as a whole.
5. Establish scholarship rates that cover the full cost of providing high-quality preschool per child (salaries, classroom space, furniture and supplies, snacks and meals), based on accepted cost of quality and local market rate studies, considering wages necessary to attract quality teachers, and accounting for current DES subsidy rates and school district in-kind contributions, as well as increased costs related to the pandemic.
6. Ensure that participating preschool providers are geographically dispersed, with priority given to preschools serving lower income/higher need neighborhoods, tribal and rural areas.
7. Connect eligible families to high-quality preschools and financial assistance, including parents in local workforce development programs.
8. Collaborate with partners to connect participating families with other community resources to accelerate family and community wide benefits.
9. Maximize multi-year partner contributions to make the program more sustainable.
10. Advocate with partners for a long-term statewide solution.
11. Remain flexible as providers and families recover and rebuild from the pandemic.
12. Review, reevaluate, revise, and report regularly with input from stakeholders.

Growth and Impact of Pima Early Education Program (PEEPs)

PEEPS
Pima Early Education Program Scholarships

PIMA COUNTY
COMMUNITY & WORKFORCE DEVELOPMENT

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

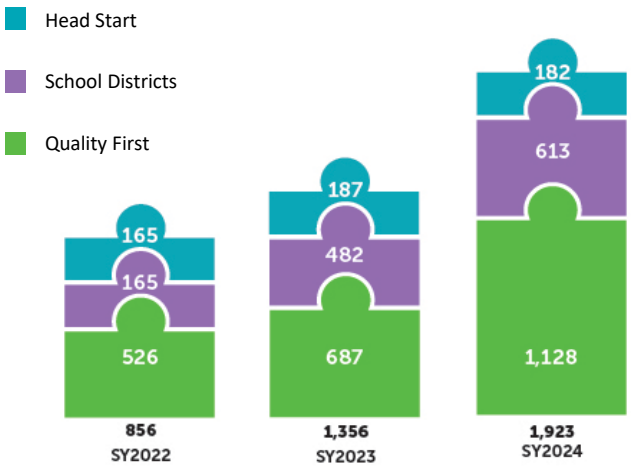
Insights and Impact

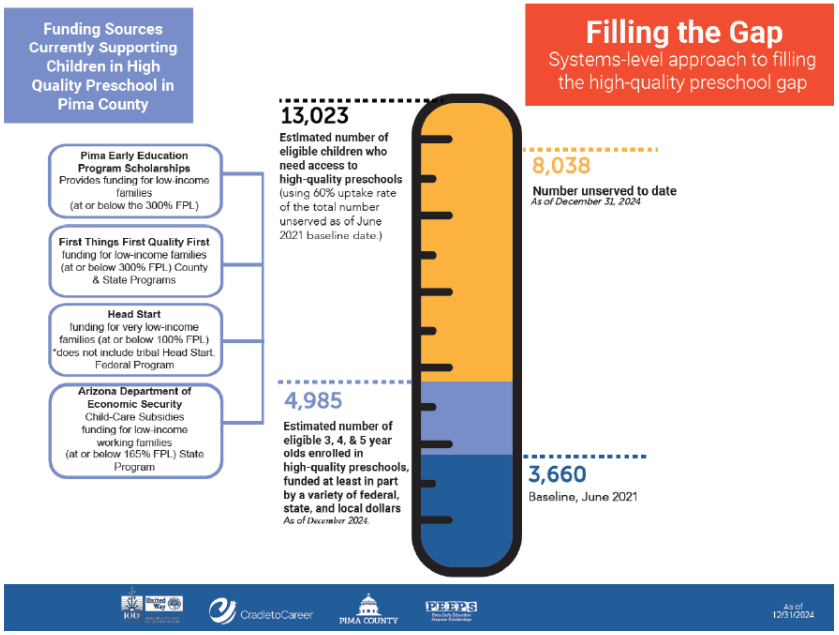
Since 2021, we have seen an increase in the number of high-quality preschool providers in our region and have since increased our costs to meet the cost of quality care needs for each child.

$12,000
Average cost per child

304
High Quality preschool providers in SY2024

Total Number of Students Served SY2022 – SY2024



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

38% of the need