



MEMORANDUM

Date: July 22, 2026

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

From: Jan Leshner 
County Administrator

Re: **Additional Information for Board of Supervisors July 28, 2026, Agenda Item Related to Waitlists for Pima Early Education Program**

Supervisor Rex Scott requested information on waitlists for the Pima Early Education Program (PEEPs), as well as options for addressing the waitlists for the Board of Supervisors (BOS) to consider at the July 28, 2026, Board meeting. This memorandum provides information on what is contributing to the waitlists, as well as long-term and near-term options for serving more children through PEEPs.

Background

At the end of May 2026, 630 children remained on the waitlist across all three PEEPs programming components. The waitlist represents families who meet eligibility requirements but are unable to be served due to limited scholarship and classroom capacity. There were 248 children waiting for school district seats, 148 children waiting for extended day Head Start slots, and 234 children waiting for a PEEP Quality First Scholarship.

The continued demand demonstrates both the community's need for affordable, high-quality early learning opportunities and the success of PEEPs in connecting families to available resources. However, the current childcare landscape across Arizona is affecting the number of children PEEPs and its partners can serve. More specifically, Arizona's childcare landscape continues to face structural challenges including the availability of quality childcare programs, a reduction in childcare subsidies and scholarships for the many families that need them, and staffing shortages.

Pima County annually tracks the number of PEEPs participating children, as well as the number of children served by other child care subsidies and scholarships for high quality preschool programming. The data for the school year that just ended will not be available for another month and will be included in the PEEPs annual report. For the prior school year, PEEPs and partners were serving 41 percent of the need, which equates to 5,314 served out of an estimated need of 13,023.

System Constraints Across the Early Childhood Education Ecosystem

DES Child Care Assistance: In August 2024, the Arizona Department of Economic Security (DES) implemented a statewide Child Care Assistance waiting list after available funding was no longer sufficient to meet the need for childcare subsidies. The expiration of federal COVID-19 recovery funding, combined with the State's continued reliance on federal Child Care and Development Fund (CCDF) resources rather than restoring State General Fund investments to pre-Great Recession levels, has resulted in limited funding for childcare assistance.

The Honorable Chair and Members, Pima County Board of Supervisors

Re: **Additional Information for Board of Supervisors July 28, 2026, Agenda Item Related to Waitlists for Pima Early Education Program**

July 22, 2026

Page 2

As of June 2026, more than 2,300 children in Pima County are on the DES Child Care Assistance waiting list. These statewide funding constraints have increased pressure on local early childhood resources, including PEEP scholarships, as families seek affordable options to support both their children’s learning and their ability to remain in the workforce.

First Things First Funding Landscape: First Things First (FTF) has continued to strengthen Arizona's early childhood system by expanding the network of Quality First (QF) providers each year. In January 2026, the FTF Board also expanded scholarship eligibility to include "rating-only" QF providers, further increasing the number of providers eligible to receive scholarship funding. “Rating-only” QF providers receive a quality star rating from FTF, but not the full package of coaching and other services that other QF providers receive. Currently only QF providers with a 3, 4 or 5 quality star rating are eligible to receive scholarships.

While the network of eligible providers has grown, the funding available to support scholarships has become increasingly constrained. FTF's primary funding source—a voter-approved tobacco tax—has continued to decline over time, reducing the resources available to support scholarships and other early childhood investments. At the same time, the FTF Board has maintained higher scholarship reimbursement rates to support provider sustainability and quality, leading to less scholarships available to allocate. As a result, the number of FTF funded scholarships has not kept pace with the growth in eligible providers, and available scholarship funding is now distributed across a larger provider network. It is likely this imbalance will be greater next year as reductions to FTF funding continue. For Pima County providers, these system changes mean that while more high-quality providers are eligible to participate in scholarship programs, many individual providers receive fewer FTF funded scholarships than in previous years.

In addition, to ensure all of remaining Federal ARPA funds allocated to PEEPs were spent by the deadline, the County allocated higher than average funds to PEEPs funded scholarships last year, which means this year’s scholarship allocation is down to a more typical amount as the ARPA funds have been spent and PEEPs transitions to Library District Tax Funds.

To summarize, there are more providers this year that are eligible to receive FTF and PEEPs funded scholarships, and less scholarships to go around. PEEPs staff have received calls from providers asking about why they received fewer scholarships this year, along with stories of individual families in need.

Quality Providers and Scholarships by Type	FY25	FY26	FY27 (projected)
Quality First 3-5 Star Providers in Pima County	205	211	286
FTF Funded Quality First Scholarships Allocated in Pima County (0-5 year olds)	377	373	354
PEEP Funded Quality First Scholarships Allocated (3-5 year olds)	523	404	297

The Honorable Chair and Members, Pima County Board of Supervisors

Re: **Additional Information for Board of Supervisors July 28, 2026, Agenda Item Related to Waitlists for Pima Early Education Program**

July 22, 2026

Page 3

Existing PEEPs Strategies to Increase Number of Children Served

Sliding Scale Fee: Since April 2023, staff have been evaluating long-term strategies to sustain and expand PEEPs amid continuous uncertainty in state and federal investment and growing demand for high-quality preschool services. Effective August 1, 2026, PEEPs' contracted school district partners will implement a sliding scale fee that will apply only to families with incomes between 201% and 300% of the Federal Poverty Level (FPL) whose children attend PEEPs school district expansion classes. Families at or below 200% FPL will continue to receive preschool services at no cost.

Based on enrollment data collected in the 2025-26 school year, the sliding scale fee is projected to generate sufficient funding to support two additional school district expansion classes, serving 36 additional children within one year without increasing County financial investment levels. This funding is not immediately available to address current waitlists. The plan is to accrue two years' worth of funding before adding new school district classes. It takes considerable effort for a school district to set up a new classroom, hire teachers, etc. Therefore, a multi-year commitment of funding for those new classes is appropriate, with new classes opening in FY29 using funds accrued in FY27 and FY28.

Partnership with United Way's Accelerate Quality: United Way of Tucson and Southern Arizona created Accelerate Quality in 2021 to complement PEEPs. Accelerate Quality is designed to serve as a fund for private and philanthropic contributions to support increases in the capacity/number of high-quality preschool slots available and also support a small number of scholarships. PEEPs staff meet quarterly with United Way to discuss updates and information related to Accelerate Quality. Through continued collaboration and ongoing fundraising efforts, this partnership is expected to strengthen private and philanthropic investment over time, expanding scholarship opportunities and increasing the number of children able to access high-quality preschools throughout Pima County.

Supercharge PEEPs: Pima County has an opportunity to become a national demonstration site for diversified community investment in early childhood education. "Supercharge PEEPs" is a new initiative to leverage the County's public investment with private philanthropy, business, and community contributions. It includes short term and long-term financing strategies to expand access to high-quality preschool by funding preschool scholarships and establishing a long-term endowment to ensure the sustainability of PEEPs.

Several key partners are leading the Supercharge PEEPs initiative, including the Center for Economic Integrity, the Preschool Promise Working Group, Southern Arizona Leadership Council, the United Way and more.

While the initiative represents an important step toward diversifying funding sources and building long-term sustainability, philanthropic, business and community contributions alone are not expected to fully meet the need. Partners will also work together to explore additional local and state policy solutions that strengthen long-term public investment in early childhood education.

The Honorable Chair and Members, Pima County Board of Supervisors

Re: **Additional Information for Board of Supervisors July 28, 2026, Agenda Item Related to Waitlists for Pima Early Education Program**

July 22, 2026

Page 4

PEEPs and other County staff remain knowledgeable about this Supercharge PEEPs initiative by attending monthly meetings with the steering committee to monitor progression and provide information about PEEPs. PEEPs staff are also beginning to work with United Way to review the Friends of Pima Animal Care Center Master Cooperative Agreement for any future private sector or philanthropic funds raised through this initiative as the United Way currently has a mechanism (Accelerate Quality) to receive and distribute funds to high-quality preschools. Staff will provide updates on new funding commitments and partnership developments as they become available.

Options for Board Consideration

OPTION 1 Additional Near-term Financial Investment: Two of the three PEEPs program components are mechanisms for addressing the waitlist if additional funding is made available.

- Scholarships: An increase in the number of scholarships available through our partnership with First Things First is one way to increase access for children and families to attend high-quality preschools through the Quality First program. Each preschool scholarship costs \$12,600/per year. Below are the estimated costs for providing 100, 300 or 600 additional scholarships in FY27.

\$1,260,000 = 100 scholarships

\$3,780,000 = 300 scholarships

\$7,560,000 = 600 scholarships

- Classrooms: Several of our contracted school district partners have expressed that if provided they have capacity to create new PEEPs classrooms on existing campuses. This investment may take more time to implement as setting up these spaces may include hiring teachers, ordering materials, and licensing the learning spaces. Below is the per classroom cost to the County for a PEEPs school district classroom.

\$172,828/per school year = (1) 20 student class of 4 & 5 year old children

\$155,545.20/per school year = (1) 18 student class of 3,4 & 5 year old children

Please note that the average annual cost per child for each of these mechanisms is different because a scholarship covers 12 months and a school district classroom operates for only 10 months. In addition, one scholarship can be used to serve two children because providers have the option to split a full scholarship in half to serve part time students or to serve two students that pay a 50 percent tuition rate.

Any additional funding for reducing this year's waitlist would come from General Fund Contingency.

OPTION 2 Reengage Local Municipalities for Regional Investment: Continue and strengthen partnerships with local municipalities to expand investment in preschool scholarships and early childhood education. To date, municipal partners have demonstrated a meaningful commitment to

The Honorable Chair and Members, Pima County Board of Supervisors

Re: **Additional Information for Board of Supervisors July 28, 2026, Agenda Item Related to Waitlists for Pima Early Education Program**

July 22, 2026

Page 5

PEEPs through direct financial support, including \$3.82 million from the City of Tucson, \$870,478 from the Town of Marana, and \$100,000 from the Town of Oro Valley—a combined investment of approximately \$4.79 million. While initially, the City of Tucson and Town of Oro Valley invested financially in PEEPs, the Town of Marana is the only municipality currently doing so. The Town of Sahuarita has not yet invested financially in PEEPs.

Option 3 Community & Workforce Development Nonprofit: As a long-term strategy to strengthen community investment, Community & Workforce Development (CWD) is exploring the creation of a CWD nonprofit, (*working title* Heart & Urgency Group (HUG)). While this effort is currently in the planning stages, a nonprofit could provide a dedicated vehicle for philanthropic, corporate, and individual giving to support CWD's critical community programs, including PEEPs.

Summary

An item has been placed on the Board's July 28, 2026 meeting for Board direction.

JKL/je

c: The Honorable Dustin Williams, Pima County School Superintendent
Deborah Bryson, Deputy Superintendent of Schools
Carmine DeBonis, Jr., Deputy County Administrator
Steve Holmes, Deputy County Administrator
Chad Kasmar, Deputy County Administrator
Terry Cullen, MD, MS, Director, Health Department
Tess Mayer, Director, Pima County Library
Dan Sullivan, Director, Community and Workforce Development
Heath Vescovi-Chiordi, Director, Office of Economic Development
Ken Walker, Director, Grants Management and Innovation
Rhonda Pina, Deputy Director, Community and Workforce Development
Nicole Fyffe, Senior Advisor, County Administrator's Office
Nicole Scott, Pima Early Education Program Manager