

FIRST THINGS FIRST

Issue Brief

Strong Start for Early Childhood: Vapor & Nicotine Products



Citizens' Initiative

Created by a 2006 citizens' initiative, Arizona's Early Childhood Development and Health Board (First Things First) is Arizona's only public funding source through tobacco revenues dedicated exclusively to supporting the development, health and early learning of Arizona children from birth to age 5.

During these first five years, a child's brain grows more than at any other time in life. Research shows that the quality of a child's experiences as an infant, toddler and preschooler set the foundation for their later success in school and life.

Invest Now, Save Later

It's clear that the earlier we invest in children, the better the outcomes. Early investment means lower costs later. Quality early learning helps kids be more prepared for kindergarten, do better in school, graduate high school and be less likely to be involved with the criminal justice system or require assistance from social welfare programs later.¹

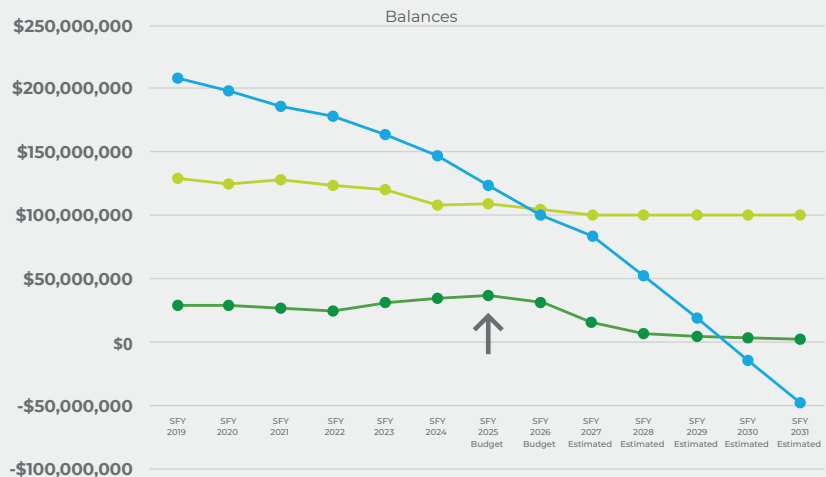
Steep Decline in Early Childhood Funding

While the needs of young children continue to grow, FTF is facing a dramatic decline in tobacco revenue, the agency's primary source of funding. Annual revenues have decreased by about 38%. FTF has lessened the impact by using reserves that were saved during the first years of collection during start-up. But those reserves are decreasing faster than expected and will be zeroed out by SFY2030 (blue line in the chart).

Reserve fund to be zeroed out by SFY2030 at current rate of spending.

FTF Funds

- Reserve
- Prior Year's Reserve
- Regional Carry Forward



FTF's tobacco revenue in SFY24 was \$62.5 million less than in 2008. Voters expected about \$165 million of funding to be directed annually to early childhood education, but that funding has plummeted over the past 15 years. With a population of nearly 500,000 children under age 5, current revenues allow for only \$206 of funding per child. Much of the decrease is due to consumers moving to tobacco alternatives, such as vaping and nicotine products.

Strong Start for Early Childhood; Vapor and Nicotine Products

To meet the many needs of our state's youngest and most vulnerable children, FTF early childhood programs and services need revenue from vapor and nicotine products. A recent estimate of potential vaping/nicotine product tax revenue shows that about \$80 million in revenue could be captured, based on average tax rates implemented in other states.² While this would not fully replace the many millions in lost revenue annually, it would be a start for Arizona's babies, toddlers and preschoolers.

Gov. Katie Hobbs has also proposed a public-private partnership, where the state, businesses and families share in the cost of child care. The partnership aims to lower child care costs and create stability for more families and businesses. This is especially important as Arizona continues to face a child care crisis, with too few child care slots at too high of a cost for working families. More than half of FTF funds are invested in expanding quality child care and helping working families afford quality child care through scholarships.

Other FTF programs with research-proven results include home visitation programs which help to prevent child maltreatment and help parents to support their child's healthy development.

Each year, FTF-funded programs and services reach around 133,000 young children, families and early childhood professionals across the state.³ Over 70 organizations depend on this funding in communities across the state to keep providing services to children and families.

Our children's future depends on continued investments made in their early years. To prevent cuts to these critical programs and services, replacement revenue is needed.

“*As a community, we should work together to **improve things for all our children**. First Things First does that.*”

Queen Creek parent of a preschooler



¹ Harvard 2017 study: Impacts of Early Childhood Education on Medium- and Long-Term Educational Outcomes.pdf

² ASU study Vaping in Arizona - Preliminary Estimates.pdf

³ FTF State Fiscal Year 2024 Annual Report: <https://www.firstthingsfirst.org/wp-content/uploads/2024/09/FTF-2024-AnnualReport.pdf>

FIRST THINGS FIRST

Arizona's early childhood agency committed to healthy development and learning from birth to age 5.

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