

FIRST THINGS FIRST

Arizona Employer Child Care Toolkit

Supporting your workforce,
strengthening Arizona's economy



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Employers to Act

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Arizona's economy loses
\$3.8 billion annually
due to child care challenges

Letter from the CEO

Across Arizona, businesses are facing a growing challenge that reaches beyond their bottom line—reliable, high-quality child care.

When 90% of a child's brain growth happens before age 5, quality matters. Children who are supported by skilled caregivers develop the problem-solving, teamwork and communication skills employers depend on.

Yet, our early childhood system is stretched thin. Arizona faces a nearly 20% gap between the number of available child care slots and the demand from families. For many, especially in rural and tribal communities, this gap means choosing between earning a paycheck or caring for their children.

“ The ability to recruit and retain top talent is more important than ever, and **child care is key** to solving many of the workforce challenges that Arizona businesses face.”

Danny Seiden
President and CEO, Arizona Chamber
of Commerce & Industry

In Arizona, the average cost of infant child care now exceeds \$15,600 a year—more than in-state college tuition. Child care isn't just a family issue; it's a business issue. When employees can't find reliable

and affordable care, businesses feel the impact through absenteeism, turnover and lost productivity.

Research proves that early childhood investments deliver high returns. Communities see up to \$16 for every \$1 invested, through stronger educational outcomes, reduced reliance on social services and a more skilled workforce. By supporting child care solutions, employers strengthen their workforce—and in turn, Arizona's economy.

At First Things First, we are Arizona's early childhood agency. We fund innovative programs that expand access to quality child care and strengthen the system that families—and employers—rely on.

Arizona's future depends on strong families and a strong economy. Quality child care is the link between both. This toolkit was created to help employers explore real-world strategies and solutions that make business sense while building a stronger, more resilient Arizona.

Thank you for the vital role you play in shaping Arizona's future.

Melinda Morrison Gulick
Chief Executive Officer
First Things First



It's Time for Employers to Act

Arizona Works When Child Care Works

Loss Productivity

Employers lose talent and productivity due to unstable access to child care.

Exceeding Costs

Average child care costs exceed \$15,600 annually, surpassing in-state college tuition.



Stretched Thin

Arizona's child care system faces a nearly 20% supply-demand gap, leaving families with limited options.

Tough Decisions

In rural and tribal communities, parents often must choose between work and child care.

Missed Opportunities

Without dependable care, parents miss work, decline promotions or leave the workforce.

Thriving Future

Reliable, affordable child care supports Arizona's workforce and employers remain competitive.

Access to reliable, affordable child care impacts employers and employees

Arizona employers can't afford to ignore the child care crisis.

\$958 M

Lost Productivity

Due to absences, turnover and schedule disruptions annually

2x

Replacement Cost

Salary to replace one employee

\$12.4 B

Economic Growth

From industry activity annually

115,000

Jobs Supported

Through a qualified, talented workforce annually

\$465 M

Tax Revenue

Reinvested back to community annually

Action Steps for Arizona Employers



Access Employee Needs

Use the [sample survey](#) from Executives Partnering to Invest in Children (EPIC) to gather accurate insights from your employees and identify fundamental child care gaps, costs and scheduling pressures that affect their ability to work. The results will help you design family-friendly policies that directly reduce turnover and boost productivity.

Explore Your Options

Options like flexible scheduling can be implemented immediately, while long-term strategies—such as on-site or near-site child care—deliver a lasting impact. Use [EPIC's Child Care Navigator](#) to compare options, estimate costs and find tailored solutions that make sense for your business.



Partner with Local Resources

Partner with state and community programs, such as First Things First and Child Care Resource & Referral, or work directly with child care providers. Collaborate with other employers or nonprofits to expand access while sharing costs.

Implement, Track and Adjust

Roll out your chosen policies and communicate them clearly. Track key metrics—such as absenteeism, turnover and productivity—to measure return on investment. Use this data to refine and adjust your approach over time.



Share Your Story

Highlight your efforts with chambers of commerce, policymakers and peers. Position your company as a leader in workforce development. Sharing your success not only strengthens your brand but also inspires others to act.

Child Care Solutions for Businesses

Investing in child care solutions is a smart business strategy that strengthens Arizona's workforce, improves our economy and supports working families. Explore these examples of how to support the workforce of today and tomorrow.

Family-Friendly Policies



Family-friendly policies are workplace benefits and practices that help employees balance work and family responsibilities.

Back-Up Care: Provide access to temporary child care services or providers.

Dependent Care FSA: Flexible Spending Accounts (FSAs) allow employees to set aside up to \$7,500 pre-tax dollars for child care.

Employee Assistance Programs (EAP): Offer counseling, caregiving resources and stress management tools.

Employee Resource Groups (ERG): Provide employee-led communities for working families.

Flexible and Predictive Schedules: Give employees stability through compressed work weeks or hybrid scheduling.

On-Site or Near-Site Care: Offer convenient and reliable options that reduce absenteeism.

Online Services: Offer access to marketplace services that provide child care support or mental health services.

Remote Work: Cut commute times and ease child care challenges.

Subsidies and Vouchers: Offset the high cost of child care.

Employer-Sponsored Provider Partnerships

Partner with local child care providers, like those listed below, to provide tuition discounts, waived fees or priority placements.

- [Bright Horizons Family Solutions](#)
- [Kindercare Education at Work](#)
- [Valley of the Sun YMCA](#)
- [Wonderschool](#)

Child Care Consultants



Child care experts provide services in developing tailored solutions.

- [Executives Partnering to Invest in Children \(EPIC\)](#)
- [Local Initiatives Support Corporation \(LISC\)](#)
- [Southwest Human Development](#)
- [Tootris](#)

Reuse of Space

Repurposing space cuts costs and environmental impact.

- [City of Phoenix](#)
- [Maricopa County](#)
- [Heights Church in Yavapai County](#)
- [State of Washington](#)

Child Care Solutions for Businesses (continued)



Grant Programs

While Arizona does not currently have a statewide child care infrastructure or expansion grant program, there is much to learn from other states. These grant opportunities help to expand access, update facilities, strengthen the workforce and increase the quality of care.

- [California Infrastructure Grant](#)
- [Colorado Emerging and Expanding Grants](#)
- [Maine Child Care Infrastructure Grant](#)
- [New Mexico Universal Child Care](#)
- [New York Child Care Grants](#)
- [North Carolina Child Care and Development Fund](#)
- [Oregon Child Care Infrastructure Fund](#)

Public-Private Partnerships

These initiatives bring together employers, government partners and community organizations, such as non-profits, to share the costs and responsibilities of child care.

- [Colorado Employer-Based Child Care Grants](#)
- [Iowa Child Care Solutions Fund](#)
- [Pima County Early Education Program Scholarships \(PEEPs\)](#)
- [Tennessee Employer Workforce Care Partnership](#)
- [Wisconsin Partner Up!](#)

Tri-Share Models

A cost-sharing approach where the expense of child care is divided among a government entity, the employer and employee.

- [Arizona](#)
- [Kentucky](#)
- [Michigan](#)
- [Noble County, Indiana](#)
- [North Dakota](#)
- [North Carolina](#)

Employer-Provided Child Care Tax Credit (45F)



Section 45F is a federal tax credit that encourages businesses to support employee access to child care. Employers can qualify for a nonrefundable tax credit of up to \$500,000 (up to \$600,000 for small businesses) by providing or sponsoring child care services for their employees. Eligible costs include operating a near- or on-site child care facility, contracting with licensed child care providers or supporting services that help employees find care. The credit is designed to support employer investments in child care while improving workforce stability, productivity and employee retention by helping families balance work and caregiving responsibilities.

Note: Consult with your tax advisor check to make sure your organization qualifies, maintains the right records and aligns with upcoming Internal Revenue Service rules.

Arizona Employers Are Impacted by Child Care Gaps

1 in 3
Arizona
employers
say they're affected
by child care
challenges

- Arizona's child care system is stretched thin, with a nearly 20% gap between supply and demand, leaving families with few reliable options.
- In rural and tribal communities, many parents face an impossible choice between earning a paycheck or caring for their children.
- Without dependable care, parents often miss work, decline promotions or leave the workforce entirely.
- As a result, employers lose valuable talent and productivity as parents navigate inconsistent or unavailable child care.
- Reliable, affordable child care supports Arizona's economy by helping parents stay in the workforce and employers remain competitive.

Solutions employers can champion



Expand Child Care Access

Partner with providers and community solutions.

Strengthen the Workforce

Support competitive wages and training for educators.

Invest in Quality

Promote programs like Quality First to ensure safe, high-quality care.

Promote Family-Friendly Policies

Hybrid schedules, dependent care supports and predictable work hours.

Arizona Child Care

Case Studies

These real-world, Arizona examples address child care challenges to support working parents. They highlight a range of solutions tailored to various industries, sizes and needs.

First Things First

STATE GOVERNMENT

Arizona's early childhood agency offers paid parental leave, flexible work arrangements, dedicated nursing and lactation spaces, and the option to bring your baby to work through their first year.

HonorHealth

HEALTHCARE

One of Arizona's largest health systems offers near- and on-site child care with extended hours, discounted rates and other child care services.

Pima Early Education Program Scholarships (PEEPs)

COUNTY TAX

County partnerships enabled PEEPs to extend preschool opportunities to children in underserved communities.

Tempe PRE

CITY TAX

The City of Tempe provides a high-quality, full-day preschool program open to families who live or work in Tempe.

Heights Church - Upside Preschool

FAITH-BASED

A local church in Prescott Valley repurposed its underused facilities to expand preschool programs and services for the community.

Maricopa County

LOCAL GOVERNMENT

The county repurposed an unused building to create an on-site child care center for its employees.

Valley of the Sun YMCA

NONPROFIT

Through its Y-Academy program, the YMCA provides free child care for full-time employees and delivers child care solutions to community organizations.

Yuma Small Business Development Center

COMMUNITY TASKFORCE

Local college and business organizations invested in opening a child care center and supporting it as a small business.

Child Care Resources for Arizona Families

No business has to tackle child care alone. Arizona has a strong network of trusted programs that help employers design and implement solutions and help families access and afford quality care.



Arizona Department of Economic Security (DES)

DES helps eligible families pay for licensed child care through their child care assistance program, allowing families to work, attend school or participate in approved activities. Assistance is available for families earning at or below 165% of the federal poverty level with children younger than 13. Additional support includes tuition assistance and help finding approved providers.

First Things First (FTF)

Arizona's early childhood agency serves children from birth to age 5. Quality First Scholarships help families access high-quality early learning programs. Available to families earning up to 300% of the federal poverty level. Parenting resources, early childhood programs and tools that support healthy development and learning are also available.

Email regionalscholarships@vsuw.org for assistance in locating additional available scholarships.

Head Start & Early Head Start

Programs serve pregnant families, infants, toddlers and preschoolers, and include education, nutrition, health and family services. Families earning at or below 100% of the federal poverty level are eligible, with priority for families facing additional challenges.

Arizona Child Care Resource & Referral (CCR&R)



Scan me

CCR&R connects families to licensed child care programs, financial assistance information and guidance on choosing safe, quality care. Families can also learn about [state and federal tax credits](#) and apply for help.

Policy and Advocacy

Using Your Business Voice

First Things First, along with the nearly 80 early learning programs and 1,400+ regulated child care programs it supports, is funded primarily through a tax on tobacco products. As consumer habits decline and shift away from traditional tobacco, this revenue is rapidly decreasing. Without sustainable funding, child care programs will close, waitlists will grow and the workforce will suffer.

Business leaders play a critical role in shaping solutions. Employers are trusted messengers for policymakers, and your voice carries weight in conversations about Arizona's economic future.

Why Advocacy Matters

Declining Revenue

Arizona has lost nearly \$63 million annually due to reduced tobacco use, which has shrunk the funds available for child care programs.

Workforce Impact

Without investment, the child care gap will widen, making it harder for families to work and businesses to staff operations.

Economic Growth

Closing the funding gap ensures businesses have access to the skilled, reliable workforce needed to compete.

Together, we can strengthen Arizona's future.
Investing in early childhood **means:**

Supporting Employees through access to quality early learning.

Boosting Our Workforce with reliable, ready employees.

Driving Long-Term Economic Growth through early childhood investment.



Scan me

Visit [FirstThingsFirst.org/Advocate](https://www.firstthingsfirst.org/advocate) to learn how you can help.



FIRST THINGS FIRST

We offer resources to support working parents.

First Things First is here to help answer your parenting questions so you can do your best in caring for your baby. You'll find tips and information about health and safety,

child development, how to help your baby learn and grow, and where to get even more support when you need it most. Because all parents need help sometimes.

For free parenting information, services and resources, visit [FirstThingsFirst.org](https://www.FirstThingsFirst.org)

First Things First is Arizona's early childhood agency, supporting the healthy development and learning of young children from birth to age 5.