FIRST THINGS FIRST

Impacting Young Lives Throughout Arizona

State Fiscal Year 2026 Annual Report

Letter from the Board Chair and CEO

Steven W. Lynn
Board Chair

Melinda Morrison Gulick
Chief Executive Officer

Dear Fellow Arizonans,

Almost 20 years ago, Arizonans took an historic step to invest in the potential of our youngest residents. Through the passage of the citizens' initiative that created First Things First, our state made an unequivocal statement: the healthy development and school readiness of our babies, toddlers and preschoolers is a non-partisan high priority.

As First Things First approaches its 20th anniversary, we reflect not just on two decades of dedicated service and partnership, but on the enduring trust Arizonans have placed in us as stewards of this mission. Together, we have built a system that recognizes quality early childhood education not merely as a family concern, but as the bedrock of Arizona's economic advancement and long-term workforce availability and productivity.

However, the landscape in which we operate is changing. It is clear that the funding models designed 20 years ago are no longer sufficient to meet the rising needs of our state's families and children. To ensure that thousands of working families are not forced to make impossible choices, and to protect core quality early childhood programs, such as early learning environments, developmental screenings and parenting support, we must modernize how we approach our quality early childhood investment.

The growing awareness of quality early childhood education's importance must translate into sustainable, long-term funding strategies. This is a call to action for every partner, community leader and advocate across the state. We need your voice. We need your partnership to advocate for additional early childhood funding that will stabilize and strengthen our system for future generations.

First Things First has proven that when we invest in our children's first 5 years, we are investing in the success of our entire state. We ask that you join us in ensuring that quality early childhood education remains a top priority, securing a future where every Arizona child has the foundation they need to succeed and thrive.

Table of Contents

04 About First Things First

06 Our Impact By the Numbers

09 A Look Back at 20 Years of Service

14 Priority Strategies

27 Financial Report

30 Statewide and Regional Expenditures

32 Statewide Partners

35 Celebrating a Decade of Service to Arizona's Young Children

About First Things First

Created by a 2006 citizens' initiative, First Things First (FTF) is an essential leader and partner in creating a family-centered, equitable, high-quality early childhood system that supports the development, well-being, health and education of all Arizona's children, birth to age 5.

FTF's work focuses on **7 main areas,** including:

1 Quality Child Care and Preschool

Children with access to quality early learning do better in school and are more likely to graduate from high school. FTF funds research–based quality improvement supports for regulated child care and preschool programs that help children thrive. These include assistance for early childhood professionals to provide healthy and safe learning environments that help children develop emotionally, physically, socially and academically; coaching for early learning professionals to better engage young learners; and selecting and using developmentally-appropriate learning materials. Scholarships are also funded to help more babies, toddlers and preschoolers access quality early learning environments.

Lawfully unregulated Family, Friend, and Neighbor (FFN) care is a choice many families make for their young children. Education and technical assistance support is provided to FFN caregivers to improve interactions with children and support the quality of the caregiving environment.

2 Strengthening Families and Early Literacy

Families are a child's first and most important teachers. FTF-funded programs give parents options for supporting their child's health and learning. Services are voluntary and provided at levels that meet families' needs. For example, family resource centers are community hubs where families can access parenting classes, information and referrals and connect with other families in their neighborhoods.

FTF also funds voluntary, evidence-based home visiting programs that promote overall child and family health and well-being through regular home visits from a trained professional who responds to families' complex and unique needs. Literacy approaches include providing information to families and caregivers about the importance of language and literacy development, as well as access to books and opportunities for families to engage in language and literacy workshops.

3 Teacher/Workforce Training and Development

Children's relationships with educators and caregivers impact brain development in ways that can promote learning. Children age 5 and younger learn differently than school–age children and the quality of early learning depends on the knowledge and skills of the educator.

FTF funds college scholarships and other professional development support to expand the knowledge and skills of professionals working with babies, toddlers and preschoolers. In addition, FTF funds a variety of evidence-based consultation models to help early childhood educators improve health practices in early care settings, better support children's mental and behavioral health, and provide more inclusive settings in which all children can participate.

4 System Coordination

Collaboration among system partners maximizes resources and effectiveness. At the state and regional levels, FTF works with early childhood system partners – like state agencies, tribal governments, philanthropic organizations, businesses and providers of services to kids and families – to maximize funding, reduce duplication of services and ultimately improve outcomes for young children. These collaborations also promote the ongoing development and continuous quality improvement of a statewide early childhood system that supports the health and development of all young children in Arizona.

5 Parent and Community Engagement

We all have a shared responsibility to help children arrive at school prepared to succeed. FTF works with families, caregivers and community leaders to build awareness of the importance of early childhood and steps they can take to support the education and health of young children in their communities.

6 Preventive Health

Undetected or untreated health issues in the early years can impact learning later on. Left unaddressed, developmental delays and chronic medical conditions can become serious learning problems that require costly interventions. FTF funds preventive developmental, sensory and oral health screenings, health education for parents and children and referrals to existing services to ensure that kids arrive at kindergarten healthy and ready to succeed. In addition, FTF funds strategies to connect families to health care options in their communities, as well as efforts to coordinate the services children receive for maximum benefit.

7 Research and Accountability

Measuring effectiveness and promoting continuous quality improvement relies on robust, accurate data. Data collected by FTF through research studies and grant or system partners are used to inform decision-making, monitor FTF-funded grant partner performance, enhance program effectiveness and measure the impact of FTF-funded strategies or the collective investments of Arizona's early childhood system.

Our Impact at a Glance

The data below detail the number of young children, families and early childhood professionals who had access to programs and services as a result of First Things First investments in State Fiscal Year 2026 (SFY26). Decisions about which programs to fund are informed by recommendations from volunteer regional councils after thorough study of the needs in their communities.

As such, not all FTF programs are available in every region. The numbers below reflect the impact of various programs across all the regions that fund those strategies. FTF grant partners reached tens of thousands of families and professionals statewide with quality programs that will give the young children in their care the opportunity to start school healthy and ready to succeed!

Early Learning

1,080 Child care and preschool providers statewide were committed to continous quality improvment of their early learning programs through Quality First. In addition, 338 providers were assessed and earned a quality star rating through the Quality First Rating Only program.

65,804

Children received their early education from child care and preschool providers committed to continuous quality improvement of their early learning programs through Quality First.

5,654

Quality First Scholarships helped the families of babies, toddlers and preschoolers afford a quality early education for their kids.

57,439

Infants, toddlers and preschoolers were in early learning programs that met or exceeded Quality First's rigorous standards.

889

Early childhood educators received college scholarships to pursue credentials and degrees that expand their knowledge and improve their qualifications for working with young children.

1,365

Relatives and other community caregivers attended educational sessions and received support and resources to increase their understanding of children's development and strategies to promote young children's health and learning.

Family Support

14,023 Parents and caregivers attended community-based language and literacy workshops.

26,327 Parents and caregivers received services at family resource centers.

14,384 Parenting activities were conducted.

69,024 Referrals to needed services were given to families.

3,221

Families with young children participated in voluntary home visiting programs proven to reduce parental stress levels, increase connections to community supports and improve children's cognitive, motor, behavioral and socio-emotional development. Of those families, 287 families successfully graduated from home visiting programs. In addition, children received screenings to detect vision, hearing and developmental issues through home visiting programs:

Also, 2,192 caregivers participating in home visiting were screened for depression.

1,051 Parents and other caregivers participated in a series of evidence-informed parenting education classes designed to improve knowledge of effective parenting practices and children's development.

1,261
Children screened for vision concerns.

1,269
Children screened for hearing concerns.

3,994
Children screened for developmental concerns.

3,564
Children screened for socio-emotional concerns.

Health

13,529

Children received screenings to detect vision, hearing and developmental issues and prevent learning challenges later on.

857

Children received referrals to further assess for developmental delays/sensory issues and possible treatment or early intervention services.

453

Child care and preschool providers received mental health consultation proven to enhance teachers' confidence in managing students' socio-emotional needs, improve teacher-child relationships and prevent expulsions.

1,098

Child care and preschool providers received child care health consultation or support in maintaining health and safety standards in early learning settings.

4,934

Children received a screening to detect tooth decay, which when left undetected and untreated could cause damage to permanent teeth, impaired speech development and failure to thrive.

2,589

Children received fluoride varnish applications to protect against early childhood tooth decay.

A look back at 20 years of service

to Arizona's youngest children and the early childhood community

In November 2006, Arizona voters passed Proposition 203 with a statistical landslide — 53% of the vote — creating the Arizona Early Childhood Development and Health Board. Through this voter action, a promise was made to future generations of Arizonans: every child will have the opportunity to start school healthy and ready to succeed.

One of the first acts of the newly formed Board was to adopt the name First Things First "as an uplifting reference to the voter-enacted initiative and to exemplify the importance of early childhood."

Since then, First Things First has invested in proven programs and innovative strategies to support infants, toddlers and preschoolers, their families and the professionals who serve them. Through competitive grants to dozens of community-based non-profit organizations as well as agreements with local school districts, local and tribal governments and institutions of higher learning, programs are administered throughout all areas of the state. These investments are informed by 28 regional partnership councils, made up of community volunteers.

Over the years, First Things First-funded programs and services have reached millions of young children, from birth to age 5, families and early child professionals across the state. Thousands of organizations have partnered with First Things First across Arizona to provide those services to children and families.

"Strong communities are built through collaboration; when all sectors — philanthropy, business and government — align their strengths to advance the health and well-being of children, families and communities," said Steve Zabilski, president and CEO of the Virginia G. Piper Charitable Trust. "As Arizona's only public funding source dedicated exclusively to early childhood, First Things First plays a vital role in supporting the healthy development and learning of young children, often working alongside Virginia G. Piper Charitable Trust and other philanthropic partners."

In 2004, Piper Trust initiated the Arizona Parent Kit, a program that provides information and resources to help new parents support their baby's healthy development and learning. First Things First later

took this program statewide. First Things First and Piper Trust are also founding partners of Read On Arizona, the statewide initiative to improve school readiness and early literacy and also remain committed to this effort now over a decade later.

"Improving access to quality early learning opportunities for our youngest and most vulnerable learners is at the core of why First Things First was created, and Arizona's early childhood system is unquestionably stronger for its existence," said Lori Masseur, director of early learning for Read On Arizona. "Its investments in supporting parents, caregivers and early childhood educators have helped countless young children be ready for school."

First Things First began not as a replacement for the good work already being done in Arizona's early childhood community, but to complement, uplift and enhance that work. And it continues to broaden its role as a systems partner in the state. From the beginning, the agency's architects and planners sought to root its mission in school readiness and to anchor it to the kindergarten through 12th-grade continuum.

"Through strong partnerships and sustained investment, First Things First has helped build a stronger early childhood system and improve outcomes for children and families," said Rich Nickel, president and CEO of Education Forward Arizona. That progress is reflected in the Arizona Education Progress Meter, where the share of Arizona's 3- and 4-year-olds enrolled in high-quality early learning has increased from 19% in 2019 to 31% today."

The evolution of First Things First over the last 2 decades "has been incredible to watch," said Barbie Prinster, who serves as the executive director of the Arizona Early Childhood Education Association, which represents private, licensed child care centers across the state.

"Think about what we know about children in 2026 compared to 2006," Prinster said. "We know that these experiences that they have from zero to 5 shape who they are as humans and their responses to the world. If they are in a safe, loving, quality environment, and also have that same support at home. Even if they're being raised by a single parent, mom, dad, grandparents, if that environment and family unit is secure, then those children are going to have better outcomes."

Almost 2 decades later, First Things First continues to fulfill its mission and commitment to Arizona's youngest children. One of the most prominent data sources that demonstrates the impact of quality early experiences on preparing babies, toddlers and preschoolers for school is Quality First, the agency's cornerstone program and Arizona's Quality Improvement and Rating System.

Because learning starts from birth, First Things First funds Quality First to help early care and education providers improve the quality of their programs. Participants receive support to make improvements that help children learn and thrive.

Rating data shows that Quality First significantly improves the quality of early learning options available to Arizona's families. When programs were first rated (2013), 25% of 857 participating rated providers met or exceeded quality standards (3- to 5-star rated). Over the past decade, enrollment increased and quality levels improved among providers participating in Quality First. Today, 88% of 1,386 participating rated providers met or exceeded quality standards. A majority of those providers have achieved a 4-star rating.

The evolution of the Quality First coaches and assessors working with providers on how to improve their classroom practices was a learning experience, Prinster said.

When Quality First coaches started going into classrooms to work with child care providers and teachers, "it was an unknown," Prinster said. "You were inviting strangers into your building to tell

you how to run your business, which can be either a good thing or a bad thing. You had to trust these coaches and let them into your classroom." She described it as a mindset shift for everyone involved to know that there's work ahead, but still setting up young children for success.

"And then comes the self-reflection, not only on you, but of your staff," Prinster said. "We have to create people as change agents, and not only the staff, but directors as well. So they know that you can do the hard work, and on the other side of hard work, it will eventually make things really easy. And you create an environment in your classroom that is loving and kind and caring, and has books and toys. And you're able to have these back-and-forth interactions with the kids and even the babies. Everything eventually falls into place."

One key outcome related to kindergarten readiness was demonstrated in a study of the Tempe PRE program, a city-funded preschool program and Quality First participant. Results from a 2018/2019 study from the Quality First sites in the Tempe PRE program showed that after one year, children in those 20 classrooms met or exceeded development across all developmental domains: physical, literacy, social-emotional, cognitive and language. When the children who attended Tempe PRE entered kindergarten, they scored higher in 4 of 6 kindergarten readiness domains than children who did not attend Tempe PRE. The children who attended Tempe PRE were significantly more likely to perform above or well-above benchmarks for literacy at kindergarten entry. And caregivers credited the program with preparing their child for kindergarten academically, as well as socially.

More recent data showing the positive impacts of Quality First has been collected through multiple avenues, including surveys, interviews and administrative data analysis. Most recently, teachers working at Quality First sites were surveyed about how the program improved their teaching practices, parent engagement and their perception of how Quality First supports children's kindergarten readiness. A parent survey was also launched at the same time, focusing on kindergarten readiness, parent engagement and the benefits that they have seen as a result of their children receiving scholarships to attend Quality First providers.

Previous research has yielded positive findings about Quality First. Between 2015 and 2022, a national research firm, Child Trends, conducted a two-phase validation study of Quality First, confirming that the program supported an increase in the quality of child care. The star rating scale was shown to reflect 5 distinct levels of quality and participation in Quality First was associated with measurable improvements in early learning environments.

A history of responding to young children's needs

Over the past 2 decades, FTF has experienced challenges while also solidifying its role within Arizona's early childhood system. For example, an early challenge was the immediate response needed during the nation's worst economic crisis since the Great Depression. In 2009, the agency committed $40 million in short-term assistance to help thousands of Arizona's most vulnerable families afford quality child care, access nutritious food and find the supportive services they needed to parent their children throughout challenging times.

The existing services and supports that were set up to help Arizona families with children during tough times began to struggle under the weight of a twofold attack on their resources: skyrocketing needs and plummeting revenues. First Things First recognized that the lack of these basic supports posed an immediate risk to the health and development of thousands of Arizona's youngest children. In March 2009, the $40 million First Things First Early Childhood Emergency Response Program began. These emergency child care scholarships were designed to help working families who may have needed to choose between quitting their jobs

or leaving their children in settings ill-equipped to meet their developmental and safety needs.

As First Things First shifted in a way that would unknowingly begin to define the support it provides working families through child care scholarships, it began garnering national attention. That same year, Arizona was named the Most Promising State for Young Children at the National Smart Start Conference. Smart Start is North Carolina's nationally recognized early childhood initiative designed to ensure that young children enter school healthy and ready to succeed. Arizona was the first recipient of the award created to honor states that are making promising strides in the development of comprehensive systems for young children.

Another challenge came in 2010, when, despite accolades from the national early childhood community, a measure was placed on the ballot to eliminate First Things First and sweep all current and future funds set aside by voters for early childhood into the state's General Fund. Voters overwhelmingly rejected the measure and reaffirmed their commitment to the state's youngest children.

Over the past decade, First Things First has continued to fulfill its commitment to Arizona's youngest kids. In addition to support devoted to quality child care and preschools, First Things First funds programs that strengthen families and support early literacy, teacher training and workforce development programs, such as funding FTF college scholarships and other types of professional development to support early childhood professionals and expand their knowledge and skills. There's also funded work dedicated to families and caregivers to help them understand that they are a child's first and most important teacher. Family resource centers, parenting education classes, developmental and sensory screenings and home visiting programs can be found in all corners of the state. Overall coordination among system partners at the state and local levels helps coordinate resources to make the best use of funding, reduce duplication of services, and ultimately improve the entire early childhood education system.

Since its early years, the tobacco taxes that fund the programs and services have been a declining revenue source. But those funds continue to be invested to ensure long–term sustainability. Strategies with a history of success are being funded. And most importantly, data continues to be collected that shows these investments are making a difference for Arizona's kids.

In 2016, First Things First was described as a High-Performing Organization following a rigorous state audit. The detailed and methodical check was authorized by the Joint Legislative Audit Committee at the behest of the state Senate President and included everything from the organization's revenues, spending, financial controls, grant–making processes and performance monitoring to First Things First's methods for research and evaluation of programs, efforts to avoid duplication with other early childhood programs or initiatives, and the purpose of parent and public awareness strategies. As part of their commitment to continuous quality improvement, the First Things First Board and staff embraced the audit as a means of identifying areas of strength for the organization, as well as opportunities for improvement.

In 2017, First Things First was announced as a Top 25 program in the 2017 Innovations in American Government Awards competition by the Ash Center for Democratic Governance and Innovation at the John F. Kennedy School of Government, Harvard University. As a Top 25 program, First Things First represented the top 2% of all initial applications for the Innovations Award. The award recognized First Things First's unique governance structure, through which the organization has engaged hundreds of volunteers to serve on its Board and regional councils and help to inform decisions about how early childhood funds are spent.

The global COVID pandemic in 2020 brought change worldwide and First Things First and its partners ensured that crucial early childhood programs continued. The federal government stepped in with $1.3 billion in federal relief funds to help support child care providers from 2021 to mid-2024. Those relief funds helped in many ways, including: hundreds more providers were able to enroll in Quality First for a limited time, the number of Quality First scholarships was able to be increased and reimbursement rates were increased to better match actual costs to provide quality child care.

Today, First Things First stands at a crossroads. The agency's annual revenues have decreased by about 47% — more than $76 million a year — when compared to the level of funding when FTF began operations. That reality places core early childhood services, such as home visiting, developmental screenings and access to quality early care and education, at serious risk. As agency officials work on solutions to modernize revenue streams, they continue to balance the partnerships with state, county and local partners to bridge the gaps.

"Over the past 20 years, First Things First has fundamentally changed the conversation around early childhood in Arizona," Nickel said. "As Arizona looks ahead, First Things First will continue to play an important role in ensuring more children enter kindergarten ready to learn, helping more families remain in the workforce, and building a stronger future for our state."

Priority Strategies

Stronger together: statewide priorities for greater impact

The first 5 years of a child's life have a powerful impact on their future and on our state's future. These early years offer an unmatched opportunity for our state and local communities to build a solid foundation for success for Arizona's youngest children.

As Arizona's only public funding source dedicated exclusively to early childhood, First Things First is an essential leader and key partner in creating a family-centered, comprehensive, collaborative and high-quality early childhood system.

With a vision that all Arizona children are ready to succeed in school and in life, the First Things First state Board has set a priority focus on **6 strategies** across Arizona communities.

1. **Increasing the quality of early care and education programs.**
2. **Increasing the access to quality care.**
3. **Providing training, professional development and support to early childhood professionals and providers.**
4. **Building awareness of the importance of the first 5 years.**
5. **Educating families and caregivers.**
6. **Navigating and connecting families to resources.**

Increasing the quality of early care and education programs

Investing in Quality First means investing in Arizona's future

Research shows that kids with access to quality early learning are better prepared when they start kindergarten and perform better in school.

First Things First created Quality First to help child care and preschool providers improve the quality of their early learning programs. Quality First helps providers with all aspects of quality care, including better-trained educators, education materials

appropriate for young kids and indoor and outdoor environments tailored to how young kids learn.

As Arizona's Quality Improvement and Rating System, Quality First provides a unified, measurable standard of early education and care and informs parents of how providers rate on those standards.

Participating providers include a mixed service delivery approach through public, private, faith-based and home settings that support family choice for accessing quality care.

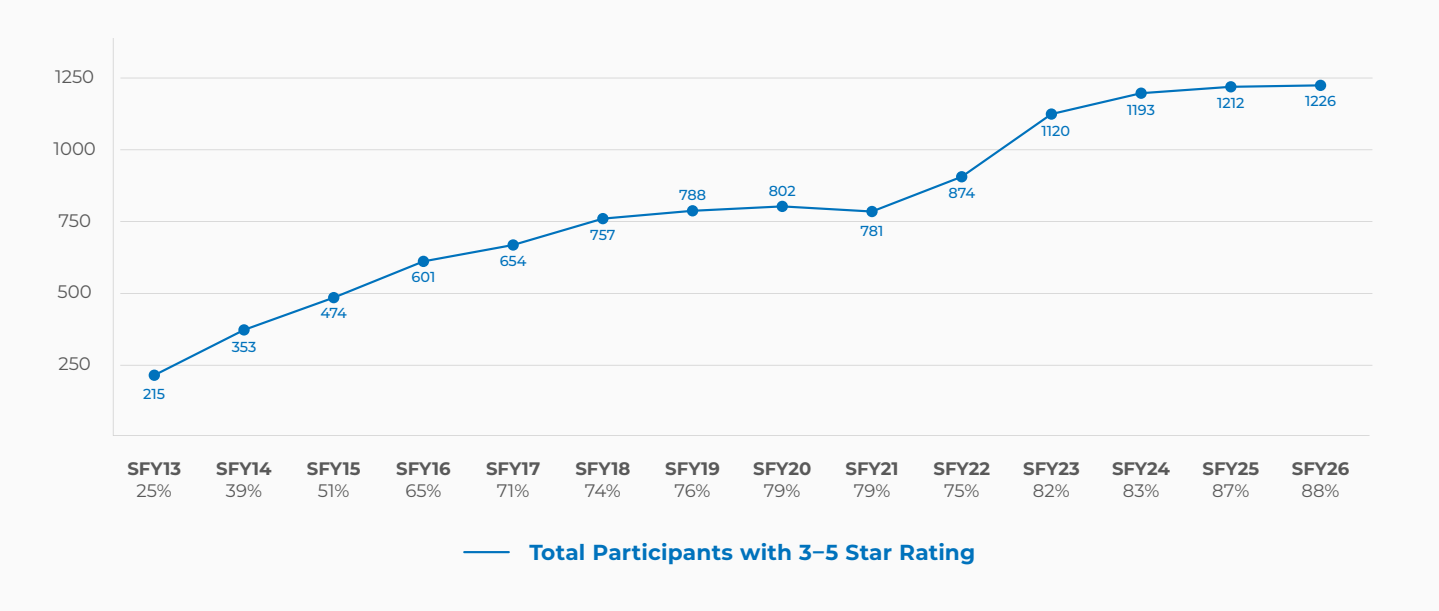
There are 2 ways providers can participate in Quality First: Rating Only and Quality Improvement Participation.

Newly enrolled Quality First participants receive an assessment and a rating from 1-5 stars is calculated. Those who are rated between 3-5 stars are considered to have met or exceeded quality standards.

Both receive assessment and rating on a regular schedule, and Quality Improvement participants receive varying levels of support based on their rating, with programs at the lowest ratings (1-2 stars) receiving the most support. Rating Only participants solely receive assessment and rating. There is currently a waitlist of programs interested in joining Quality First.

Over 1,400 providers across the state have opted in to participate in Quality First, and data show the program is working. When sites were first rated in 2013, only 1 in 4 (25%) programs met or exceeded our rigorous quality standards. At the end of state fiscal year 2026 (SFY26), 88% of quality settings serve children from birth to age 5 (see Table 1). That means over 57,000 kids across Arizona attend quality early learning programs because of FTF.

Table 1: Quality Improvement Rating Systems Progress and Outcomes



Kids more likely to be ready to succeed

This state fiscal year, FTF launched the Quality First Experience Study (QUEST Study), with plans to assess about 140 children in Quality First settings from urban, rural and tribal programs.

The sample is representative of the current Quality First landscape, where approximately 89% of current Quality First participating child care programs are rated 3–5 stars at higher quality levels, and only 11% are at a 1-2 star level.

Early findings from the study, which started in fall 2025, show a consistent pattern across both educator reports and direct child assessments: children in higher-quality (4–5 star) programs appear more likely to be on track for school readiness than children in lower-quality (1–2 star) programs.

A larger proportion of children in higher-quality programs scored in the average or above range on standardized measures as compared to children in lower-quality programs, specifically:

- **Vocabulary**
  66% in high quality vs. 57% in lower quality.
- **Literacy**
  55% in high quality vs. 47% in lower quality.
- **Math**
  78% in high quality vs. 63% in lower quality.

Providing more access

Recent partnerships have expanded Quality First Rating Only participation. First, the Preschool Development Grant Birth Through Five Systems Building Grant, also known as PDG, is a one-year grant worth $8.4 million and is administered through the Arizona Department of Education.

A portion of the money, about $500,000, will be used to allow up to 60 child care providers to enroll in Quality First as Rating Only participants. A partnership with the Arizona Department of Economic Security also funded the addition of about 80 Rating Only assessments.

"It's a sign that our partners at ADE (Arizona Department of Education) and DES (Arizona Department of Economic Security) value knowing the state of quality for our providers," said Heidi Walton, FTF program specialist. "Rating Only allows us to rate more providers and provides a truer picture or scale of what quality looks like across Arizona."

Starting in July 2026, participants in Rating Only who achieve a quality-level (3-5 star) rating will be eligible for Quality First Scholarships, which were previously available only to those in Quality Improvement Participation. These scholarships expand access to quality child care for children whose families might not otherwise be able to afford enrollment.

"Providers in communities with high needs, including high-poverty zip codes and programs that serve babies and toddlers and also those that serve children with special needs, will be targeted for enrollment," said FTF Senior Director of Early Learning Ginger Sandweg. "Having PDG support additional slots for Rating Only is helping us understand where quality exists and where supports are needed so that we can efficiently target our intensive services to child care programs," she said. "Families will also have more access to and choice of quality-rated programs."

Success Story

For child care provider Gabriela Torres, being a part of Quality First has been a dream come true. She joined Quality First in 2009 and the program changed her life. Torres was caring for a few children in her home when she heard about a new program in her hometown of Yuma.

"I remember in that first meeting, they said we had to have a minimum of a high school diploma to participate," Torres said. "I had one in Mexico, but knew I would have to get a GED (General Equivalency Exam), which would take 3 to 4 months. I didn't have time for that."

She opted to take the math portion of the exam first and quickly passed. Two weeks later, she attempted the other portions and passed those, too. Torres was ecstatic to join Quality First. "I said yes to everything," Torres said, thinking back on

her first years in the program. “I started to study English. And from there, I studied for my CDA (Child Development Associate Credential) and then I did my associate degree. I was scared of college. But Quality First helped me. I don’t have the words to thank Quality First.”

Torres applied for a license to care for a small number of children in her home. “My house had 2 living rooms, so I dedicated a small area of one to the children,” she said. A few years later, her husband passed away. “I needed more income to support my daughters and my home,” Torres said. “I didn’t want to leave the work I was doing, so I applied for a group license. I received grants from Quality First to buy furniture and materials and I set up the garage. We made the space larger.”

She started at the Progressing Star (2-star) rating level and worked her way to a Quality Plus (4-star) rating, awarded to programs that exceed quality standards and demonstrate many high-quality practices. Throughout these years, Torres said she worked with a variety of Quality First coaches. Each one is different. “They all taught me about the professionalism of the job and the humanity of the work we do,” Torres said. “If I had a doubt or there was something I didn’t understand, they were there to support me. I would say to them, ‘I can’t do this.’ And they were there with words of encouragement. Saying, ‘Yes, you can.’ The confidence they had in me; It gave me the will to keep going.”

The coaches helped her design the different areas for the children. “When I first started, I’d put toys everywhere. The coach taught me about classifications of toys, which areas should be together,” she said. Torres transferred those skills to her employees, some of whom had never worked with children. “One young woman who I hired, I would tell her, ‘When you pick up the ball to play with the kids, tell them the color of the ball, the size of it.’ And she would look at me like I was crazy. I told her, ‘I want you to know how Quality First works. When we get assessed, these are the things they’re looking for. And you won’t be nervous when someone is watching you.’ Today, she’s working from home, taking care of children and applying for a license. She wants to join Quality First.”

By 2020, Torres said she started to feel mentally exhausted. “I always want to give 100%, so I talked to my coach about it and made the decision to leave.” After 3 years, she felt refreshed and was ready to return to the child care world. This time around, Torres opened a center in town. She’s licensed to care for 22 children. She rejoined Quality First as a Rating Only participant and currently holds a 5-star rating. “I feel new, but I am a veteran of the program,” Torres said. In July 2026, her center received a few Quality First scholarships to give to families who otherwise couldn’t afford child care.

“One mom came in because she had lost her husband,” Torres said. “She didn’t qualify for DES (child care assistance). I told her, ‘I have a scholarship available soon. I don’t know what you make, but I can help you apply.’ That day, she left crying, she was so happy. She thought she’d have to leave her job.”

As a 5-star Quality First program, Torres understands that her participation does not include the quality improvement supports, such as coaching, that she experienced in the past. But she’s OK with that. She remains confident that her program is well-equipped to sustain the excellence they have built, enabling newer programs to receive the support they need. “I want to maintain my stars,” she said. “Help will be given to those just starting out. I am in a good place.”

Increasing access to quality care

Quality First Scholarships support learning opportunities for children and work opportunities for families

Quality child care can cost more than tuition at an Arizona university, excluding many kids from these life-changing learning opportunities.

In addition, access to quality child care allows parents to work, helping businesses hire and retain employees. Businesses benefit from a stable workforce and children gain the early experiences they need to succeed. Over time, this leads to stronger communities, a more prepared workforce and a more resilient Arizona economy.

In State Fiscal Year 2026, 5,654 babies, toddlers and preschoolers benefited from First Things First-funded Quality First Scholarships. The scholarships are used at Quality First child care and preschool providers who have met or exceeded quality standards, meaning participants who have earned a 3-5 Star rating.

Melissa O'Connell didn't expect to be able to afford preschool for her toddler son. The stay-at-home mom from Pinal County had been offered a part-time music teacher job, but she knew that taking it would mean enrolling her son in preschool.

Then the preschool director told her that she might be eligible for a Quality First scholarship. She was familiar with the school because her older children had attended preschool there. But a 5-year gap between her youngest son and the next child made finances tighter. "When you make a median income, you assume you won't qualify for anything," O'Connell said. "But at the same time, you can't afford preschool."

Quality First Scholarships are targeted to families earning up to 300% of the federal poverty level, which means that, in many cases, eligible families include those with 2 working parents.

Desert Rock Preschool in Florence was the perfect opportunity for her toddler son, O'Connell said. "He started learning really quickly, saying a lot more words than before," she said. "He tells me the names of his friends and names colors I didn't know he knew. And he's learning sign language to communicate."

In addition, he's learned more independence. "He's not clinging to me all that time, like before," O'Connell said. "If I have to go somewhere for a short time, it's not a big deal." O'Connell also loves the constant communication through a child care app while she's away from her son. "They post pictures of him throughout the day so I know what he's up to," she said. The scholarship has also been a good opportunity for O'Connell. "I have the opportunity to share what I know about music and working alongside adults. Mentally, it's been helpful. When I had my first 3 (children), I felt homebound." In addition to taking the part-time job, O'Connell recently started homeschooling her 11-year-old son. "It's been helpful to be able to give my son the one-on-one time and homeschool him," O'Connell said.

Providing training, professional development and support to early childhood professionals and providers

Early childhood registry revamps for smoother user experience

The Arizona Early Childhood Workforce Registry website has a new look and feel that is designed to make it easier for early childhood professionals to find professional development opportunities, as well as track and guide their professional journey. "The registry is one of several First Things First-funded programs designed to assist early childhood educators in their professional growth and development," said Madison Anderson, an FTF program specialist.

This online data system helps early childhood educators track their employment, formal education and professional development opportunities throughout their career. Early childhood educators access the registry to explore a directory of training, conferences and other learning opportunities to support their career development. They are also able to fulfill state regulatory training requirements and apply for scholarships to pursue industry credentials, college certificates and associate and bachelor's degrees in early childhood education.

In addition to helping individual early educators, the information collected helps inform the system about needs and trends within the workforce.

"Having data on child care programs, workforce demographics, wages, training and education in one place allows us to see where gaps are and helps inform where the most support is needed," said Anderson. Currently, there are about 42,000 active registry members. Of those active users, around half are early childhood educators and program administrators, and the rest are made up of state agency administrators, early childhood coaches, trainers and others who have not identified a current employer.

"Today, the registry has a more intuitive user experience. It highlights a user's formal education (high school and college), employment history and personal goals for the early childhood field," Anderson said. "We really wanted to be able to make the system highlight those goals in a way that educators could see themselves, rather than trying to bundle all of their information into just one thing that looks the same, no matter who you are," she said. "We knew we would need the system to be a better user experience."

Now the website has a dashboard format, where users can access whatever they may be searching for from their homepage, whether it is a professional development opportunity or a scholarship application. "It's quicker, more convenient and more intuitive than before," Anderson said. One of the more user-friendly features is that Google Translate is built into the site, allowing anyone to translate the registry into a language that they're most comfortable with.

Anderson is also hoping that the registry will help early childhood educators see themselves more as professionals and set personal goals for themselves as they visualize the different roles available to them in the early childhood profession. "Everyone thinks that early childhood means being a classroom educator, which is true, but there's so much more," Anderson said. "There are coaches, licensing compliance officers, people working for the Department of Education and working with children with special needs; there's all different types of jobs." The registry can help plan their formal education progression and set a career path. "I want them to visualize and expand their definition of early childhood education because all of these opportunities are early childhood," Anderson said.

Building awareness of the importance of the first 5 years

Expanding relationships with business, economic and policy leaders is key

Efforts to build, maintain and expand relationships with business and economic development leaders are essential to First Things First's future success.

Currently, First Things First faces a plummeting tobacco tax revenue stream, the agency's sole dedicated funding source. Tobacco tax revenues have decreased by 47% since 2008, resulting in a reduction of FTF's annual revenues by more than $76 million compared to 2008. Urgent action is needed as critical services for children and working families continue to erode.

Table 2: Tobacco Revenue for Early Childhood Continues to Decline

State Fiscal Year	FTF Tobacco Revenue	% Difference from Baseline	$ Change from Baseline
2008	$165 million (Baseline)		
2009	$160 million	-2.9%	-$4.8 million
2010	$132 million	-19.7%	-$32.5 million
2011	$131 million	-20.7%	-$34.1 million
2012	$128 million	-22.1%	-$36.5 million
2013	$126 million	-23.7%	-$39.0 million
2014	$125 million	-24.4%	-$40.2 million
2015	$122 million	-25.9%	-$42.7 million
2016	$126 million	-23.6%	-$38.9 million
2017	$125 million	-23.9%	-$39.5 million
2018	$122 million	-26.1%	-$43.1 million
2019	$115 million	-30%	-$49.5 million
2020	$121 million	-26.8%	-$44.1 million
2021	$118 million	-28.3%	-$46.7 million
2022	$116 million	-29.3%	-$48.3 million
2023	$101 million	-38.6%	-$63.6 million
2024	$102 million	-37.9%	-$62.5 million
2025	$89 million	-46.2%	-$76.2 million
2026	$89 million	-46.2%	-$76.2 million

Dwindling tobacco taxes come from fewer people smoking, but also from consumers turning to vaping and nicotine products, which are not included in the tobacco tax. In response, this legislative session, FTF made a second attempt to modernize the tax code by closing the nicotine and vaping loophole. FTF collaborated with legislators on House Bill 4032, which did not advance this legislative session, but efforts continued to gain broader support.

More than 1,000 signatures were collected for a letter of support asking the Arizona Legislature to secure stable funding for FTF's early childhood programs and services.

"This strong, public statement comes from communities across the state," said FTF Senior Director of Government Affairs Joe Barba. The letter of support, which was delivered to the 90 senators and representatives, included signatures from individuals, local governments, tribal nations, various elected officials and business owners. "Those signatures speak to the awareness that early childhood education programs and access to quality child care for working families are central to a healthy Arizona economy, as well as continued family stability," Barba said.

The letter also included support from the following chambers of commerce and economic development associations:

- Arizona Association for Economic Development
- Black Chamber of Arizona
- Buckeye Valley Chamber of Commerce
- Casa Grande Chamber of Commerce & Tourism Office
- The Chamber of Southern Arizona
- Chandler Chamber of Commerce

- Graham County Chamber of Commerce
- Greater Phoenix Leadership
- The Greater Yuma Economic Development Corporation, Childcare Crisis Task Force
- Lake Havasu Area Chamber of Commerce
- Nogales-Santa Cruz County Chamber of Commerce
- Page Chamber of Commerce
- Prescott Chamber of Commerce
- Rim Country Regional Chamber of Commerce
- Scottsdale Area Chamber of Commerce
- Springerville-Eagar Regional Chamber of Commerce
- Superior Chamber of Commerce

In addition, Arizona families continued their support of early childhood education with a strong showing at Early Childhood Day at the Capitol. More than 500 supporters, including the largest number of families and children, rallied for HB 4032 and raised awareness among their state lawmakers about the impact access to quality child care has on the state's economy.

Educating families and caregivers

Home visiting opens door to mental health support

Extensive studies have shown that home visiting programs help improve family functioning, reduce abuse or neglect and help improve children's mental, physical and emotional development. Home visiting programs are voluntary and are tailored to meet the needs and goals of the family. While all families can benefit from support, home visiting programs target those families facing some of the toughest parenting situations, like teen parents, grandparents raising grandchildren and families who are parenting for the first time, parenting multiple babies, and parenting children with developmental concerns.

FTF is one of the largest funders of home visiting in Arizona, with about $15 million invested annually in programs proven to work. In SFY26, over 3,218 families participated in FTF-funded home visiting programs designed to strengthen families and support children's healthy development and learning.

FTF funded 3 home visiting models in SFY26: Healthy Families (HF), Nurse Family Partnership (NFP) and Parents as Teachers (PAT). These three models have been evaluated nationally, and each has been proven to significantly improve child and family outcomes. FTF's substantial investment in evidence-based home visiting contributes to the strength of the statewide home visiting alliance, Strong Families Arizona, which supports home visiting services across the state in partnership with the Arizona Department of Health Services and the Arizona Department of Child Safety.

Table 3: Home Visiting Outcomes

	Improved Outcome	HF	NFP	PAT
Short-Term Outcomes	Child cognitive, motor, behavioral, socio-emotional development	x	x	x
	Maternal mental health and depression	x	x	
	Parenting stress levels	x	x	x
Intermediate Outcomes	Connection to community supports	x	x	x
	Home environment	x	x	x
	Mother employment	x	x	
Long-Term Outcomes	Reduced child maltreatment	x	x	x
	Economic self-sufficiency		x	x
	Decreased substance abuse	x	x	

Evidence-based home visiting involves regular personal visits administered by trained professionals such as nurses, social workers, early childhood specialists or paraprofessionals.

One feature of all the home visiting programs that FTF funds is that, in addition to the developmental, vision and hearing screenings conducted on all participating children, maternal depression screenings are conducted for their caregivers.

During personal visits, home visitors engage in a variety of activities, including screenings to identify depressive symptoms in mothers, which are important tools to support maternal and child well-being. Nationally, about 1 in 8 new mothers report symptoms of postpartum depression, according to the federally funded Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program.

These depression screenings can help all parents become aware of mental health concerns and later get the support and resources they need, which in turn helps them in their roles as parents. "The home visiting programs that we currently fund are long-term and really, the foundation of the program is the relationship between the home visitor and the parent," said Christine Waldbeiser, FTF program specialist for family support and literacy.

"The home visitor builds relationships with families before they provide screening, explaining their role, the purpose of the screening and what their support looks like.

The parent knows that the home visitor is going to be with them to navigate the process and also help with other needs, like child development and parenting information, all at the same time. "

If the home visitor notices in an early visit that mom or dad is having depressive symptoms, they will try to provide a depression screen as soon as possible, given the potential impact of parental depression on child development. According to Child Trends, a nonpartisan research group, "there is a strong link between parents' mental health and their children's development." Parents who are depressed are more likely to exhibit negative parenting behaviors such as hostility, being withdrawn and abusive and less likely to be responsive to their children's needs.

Table 4: Caregivers Receiving Screenings, Results and Referrals

Model	Caregivers Screened SFY26	No Concerns	Concerns	% with Concerns	Referrals
HFAZ	367	293	105	28.6%	63
NFP	177	156	21	11.9%	20
PAT	1,648	1,593	75	4.55%	43
Total	2,192	2,042	201	9.17%	126

Nearly 1 in 11 caregivers participating in FTF-funded home visiting programs are identified each year with a depression concern requiring referral for services. This represents thousands of opportunities to identify a caregiver who may be struggling and connect them with support that might otherwise go unrecognized. Nationally, approximately 1 in 8 women with a recent live birth report symptoms of postpartum depression. Home visiting's combination of routine screening, trusted relationships and connection to community resources positions it uniquely to identify caregiver mental health needs early—when support can benefit both the caregiver and the child.

Success Story

In one example in the FTF East Maricopa Region, a family, which included a newborn baby boy, the mother and father and a 12-year-old son, enrolled in the Healthy Families program. During the home visitor's first visit, the mother's depression screening score was elevated—though not high enough to be considered a positive screen—so the home visitor and supervisor prioritized monitoring her emotional well-being as she planned for visits.

Initially, the mother appeared to be doing well. However, the home visitor soon observed that the mom was reluctant to leave the home and was not following through with applying for resources for the baby. The home visitor explored these challenges with the mother to better understand potential barriers. Although some barriers were identified and addressed, follow-through remained limited.

In supervision, the manager and home visitor reviewed the service plan and developed a strategy to directly address possible underlying mental health concerns. During subsequent visits, the home visitor engaged the mother in deeper conversations about anxiety, depression, and coping strategies. The mother shared that she was particularly worried about her older son, who had been withdrawn and less connected to the family since the baby's arrival.

The home visitor worked with the mother to develop a plan to support both her own well-being and her older child's. The mother identified a desire to involve her husband more and decided to begin simple self-care activities, such as taking short neighborhood walks with the baby and incorporating relaxing baths into her routine. She spoke with her husband about her concerns and was encouraged by his supportive response—he began caring for the baby so she could take breaks, and he helped initiate a meaningful conversation with their older son.

Since implementing these strategies, the family has been working intentionally to strengthen their relationships. With support from Healthy Families, they are focusing on increasing one-on-one time with their children and creating opportunities for shared family activities everyone can enjoy.

In 2024, the US Surgeon General issued an advisory highlighting the stressors that impact the mental health and well-being of parents and caregivers, the critical link between parental mental health and children's long-term well-being, and the urgent need to better support parents, caregivers, and families.

The close relationship a home visitor can establish with the families they work with puts them in a unique position to become a trusted presence in families' lives and to identify mental health concerns among caregivers that might otherwise go unaddressed. This also allows them to better support caregivers in accessing the mental health services they need.

- Ongoing support through depression screening and family needs assessments
- Resources and referrals to services/service navigation
- Follow-up and reducing barriers to services
- Partnerships and coordination with community partners and service providers

"The next steps after a screening, or even the decision to complete a screening at all, is always going to be decided by the parent," Waldbeiser said. "Regardless of what the parents decide, the home visitor will be there to support them along the way." For example, in Santa Cruz County, limited access to specialized mental health services in the local area presents an additional barrier for timely and consistent care. Home visitors in the Parents As Teachers program continue to collaborate closely with local clinics, mental health providers and community organizations to ensure mothers in the program receive appropriate support and referrals. The home visitors maintain regular follow-up visits to monitor progress, encourage participation participation in self-care and parenting groups and provide ongoing emotional support to strengthen family stability and resilience.

"These one-on-one conversations with a trusted home visitor help families further understand the importance of mental health," Waldbeiser said. "Families will be better at recognizing signs of potential depression or anxiety and how they can support their own mental health and their child's mental health.

Navigating and connecting families to resources

First Things First honors parents as their child's first and most important teachers. Loving relationships with responsive, dependable adults are essential for healthy development. Families can promote positive early experiences that help young children learn, grow and succeed.

For many families, that support comes through their community family resource center, known as FRCs. Located at schools, churches, libraries or other community buildings, FRCs provide parents and caregivers of children from birth to age 5 with various tools and resources to help them create a stable, nurturing environment for young children. The centers also support families by providing resources and referrals, information and education, activities focused on early childhood development and opportunities for social connections.

"In our community, a family resource center is really a gathering place," said Cory Underhill, the family resource center coordinator for the Peoria

Unified School District. It is one of the FRCs that FTF funds. “Our goal is to help families connect to each other and to us and to other resources that they might need in the community. We really want to normalize that asking for help or needing connection as a parent is a very normal and natural thing.”

In State Fiscal Year 2026, FTF funded 49 family resource centers in Maricopa, Pima and Santa Cruz counties and the San Carlos Apache Tribe.

An FTF report of parent feedback showed that families who visit FRCs express very positive experiences and are very likely to recommend FRCs to friends and family members. FTF, with support from Virginia G. Piper Charitable Trust, worked with Listen4Good (L4G), an organization that specializes in gathering community feedback, to collect information.

Between November 2024 and December 2025, First Things First collaborated with 40 FRCs to gather feedback from the communities they serve. More than 2,500 parents and caregivers responded across two survey cycles.

Some key findings include: FRCs play an important role as service providers and are meeting the needs of families. Overall, families who visit FRCs report very positive experiences. They are very likely to recommend FRCs to friends and family members, and report having their needs met and feeling respected by staff:

- Clients gave FRCs a Net Promoter Score (NPS) of 96 across both survey cycles. NPS measures client loyalty by looking at their likelihood of recommending a given business.
- 94% of clients said their needs are met extremely (67%) or very well (27%).
- 99% of clients said they always (95%) or usually (4%) feel respected by staff.

Families praise FRCs for their programs and generally want FRCs to expand their offerings and access. When asked about the strengths of FRCs, 52% of respondents said that FRC programming is enjoyable and helps them and their children learn. Nearly 25% talked about excellent staff and over 20% highlighted the range of resources that FRCs offer, as well as the sense of community and the inclusive environments that FRCs create.

Success Story

Kayla Francisco of Youngtown has been visiting the Peoria Family Resource Center for a few years. She started when her older child was a toddler and her twin boys were around 18 months old. Francisco loves that the FRC has helped her build a community among moms. “We get to share our personal experiences on the different stages that we are in with our kids and we get to pass on information to each other,” she said.

But one of the FRC benefits that had the greatest impact on Francisco and her children was a developmental milestones class. At the time, one of her twins wasn’t speaking and the other one was banging his head against objects.

The class brought in someone from the Arizona Early Intervention Program to talk about the types of services for children birth through age 2. “You met with someone who would come and tell you whether your kid could qualify for service, or if it is a developmental concern. And with my twins, one of them wasn't speaking yet. I explained to her what was happening and she said, ‘I cannot guarantee that your kids will receive services. However, I will make the proper arrangements for them to have a meeting and get evaluated to see if they do qualify.’

“It was amazing because they were able to qualify for about 6 months to receive speech therapy and occupational therapy,” Francisco said. “I learned so much from the occupational therapist and the speech therapist. One thing that I learned from the speech therapist was that my boys had oral

restrictions. They had lip ties and tongue ties." Lip and tongue ties occur when the restrictive bands of tissue that connect the lips to the gums or the tongue to the floor of the mouth are unusually tight, short or thick. This restricts normal mobility and frequently causes difficulty latching during breastfeeding, speech impediments and dental issues.

"So once I got that released, my boys were talking," Francisco said. "It was like a domino effect. They opened the door for me to ask more questions like, 'Why isn't my kid where he's supposed to be? Or why is my son headbanging?' I've learned so much as a mom through this program and the services. And now that my kids have outgrown it, they are continuing their journey through therapy. But had it not been for the resource center offering that class in the first place, I don't know where I would be."

Francisco's experience is similar to that of many families who responded to the L4G feedback survey. Caregivers report positive outcomes for themselves and their children from participating in FRC programming and receiving resources/referrals. An overwhelming 99% of parents said that FRC programs helped their families reach critical developmental milestones. Over half of the families involved in programs experienced at least 1 of the following benefits:

- I know more about my child's development.
- I know more about how to support my child's emotions and social skills.
- I have more confidence in my parenting skills.
- I have a stronger relationship with my child.
- I have more people I trust.
- I can ask about my child's development.
- I am less stressed.
- I have a stronger support network.
- I have experienced additional benefits.

Caregivers specifically noted clear improvements in their children's development, including enhanced social and emotional skills (66% of 2,028 respondents), better language and literacy (31%), improved behavior (20%), and stronger cognitive abilities (14%).

> "This place/classes have been essential for my son's social development. He was a very shy/emotional (afraid) boy who always cried even just looking at other people. Now, he is thriving socializing with his peers, he is not afraid to interact with others and he is already learning numbers, colors, shapes and letters at age 3, which is wonderful."
>
> *— Maricopa Special Health Care District (Valleywise) Participant*

Resources and referrals provided by FRCs also deliver substantial benefits, with **98% of recipients** reporting at least 1 positive result:

- I know more about my child's development.
- I know what resources are available to meet my family's needs.
- I am less stressed.
- I have experienced additional benefits.

These positive impacts are felt by families regardless of how frequently they use FRC services, though the data shows that more frequent users report these benefits at higher rates.

Families also expressed a desire for more support. They highlighted wanting FRCs to increase the number, duration and variety of classes, expand access to more families, adjust schedules, update sign-up procedures and improve marketing.

> "There is a lot of interest in the family resource classes and they get filled up very quickly. It would be nice if there could be more classes so that more people had the opportunity to join."
>
> *— University of Arizona Family Resource Center Participant*

Financial Report

First Things First contracted the L. William Seidman Research Institute within the W. P. Carey School of Business at Arizona State University in 2025 to produce a report with an updated analysis of the amount of expected tax revenue under the current Luxury Tax on tobacco products. In addition, the report included an estimate of what could potentially be generated under an extension of a tax on other related products.

Seidman forecasts expected revenue of $87.1 million for First Things First in State Fiscal Year (SFY) 2026, falling to $69.6 million in SFY30. Additionally, Seidman estimated the potential revenue impact of a hypothetical 50% retail tax on e-cigarette and nicotine pouch sales in Arizona. This e-cigarette tax would generate an expected $53.4 million in SFY26 and $56.7 million in SFY30. In addition, a nicotine pouch tax would generate an expected $29.1 million in SFY26 and $43 million in SFY30.

Seidman's forecast estimates the total tax revenue generated, with no assumption about the share of revenue awarded to FTF. With the updated revenue projection showing continued rapid revenue decline, the Board adopted a $95 million annual allocation beginning in SFY28. This is a 19% decrease, or $21.6 million less than the current annual funding level of $116.6 million.

The Board also approved moving from a 4-year funding plan cycle to a 3-year funding plan cycle beginning in SFY28. The FTF finance committee recommended this change in order to balance funding stability for grant partners and maintain flexibility for the Board, given financial uncertainty.

In spring 2026, the First Things First state Board also approved changes to the Regional Discretionary Allocation Policy. Per statute, FTF allocates program funds each year. Distribution (or allocation) of these dollars is based on a statutory formula. Under the formula, 35% is provided to regions based on the population of children birth to age 5 in the region, 40% is based on the population of children birth to age 5 in the region whose family income is less than or equal to 100% of the federal poverty level and 25% is based on the discretion of the Board.

In years past, the Board's method for allocating this discretionary portion was based in part on "Frontier communities," which were defined by a 2000 U.S. Census designation that is no longer used. The Board had used the frontier communities definition to recognize/acknowledge the additional resources required to provide services in these communities.

The Board voted to replace the outdated frontier communities definition with an updated allocation methodology based on FTF regions with a population of less than 400,000, using the American Community Survey 5-year estimates. The amount previously allocated to Frontier communities (25% of the discretionary allocation) will now be distributed between regions with populations less than 400,000.

This new methodology adds 2 more FTF regions designated as rural, bringing the total to 20 rural access communities. The FTF Salt River Pima-Maricopa Indian Community and FTF Gila River Indian Community regions are new to the list.

Table 5: Potential Economic Impact

State Fiscal Year	FTF's Reserve Funds
2025	$232.7 million
2026	$186.5 million
2027	$134.6 million
2028	$105 million
2029	$70.3 million
2030	$30.7 million
2031	$24.1 million
2032	$12.6 million
2033	$1.1 million

First Things First continues to examine its impact not only in the early childhood realm but also through an economic lens. Last year, the agency commissioned Rounds Consulting Group, Inc. to analyze the agency's economic impact on the state's economy and the long-term decline in tobacco tax revenue, the agency's main source of funding. A second analysis this year focused on identifying the broader impacts of improved academic achievement and long-term workforce outcomes.

The previous analyses of FTF programs identified the creation of 2,800 jobs, $8.5 million in annual state General Fund revenue and $9.7 million in annual local government revenue.

As workforce development continues to be the number one economic development priority within the state, the latest Rounds analysis says that "Arizona is not currently on track to meet future workforce demand. Based on current projections, the combined in-state production and in-migration of workers will fall short of meeting employer needs, particularly for higher-skill occupations."

Closing the workforce gap requires improvements across the full education pipeline, which should expand to include early childhood education. Rounds encouraged policymakers to look at the single-year monetary benefits that FTF contributes, an additional $18 million in state and local taxes, the way compound interest increases an initial investment, where over 20 years, the values would increase almost 400 times over.

"This means that over a 20-year period, FTF-related outcomes will produce more than $3 billion in state tax collections. On an average annual basis, this equals $165 million per year," the Rounds report said. "Keep in mind that under current public policy, the FTF efforts will not just slow in terms of their expanding impact; the impacts will actually decay."

FTF investments help preserve half a billion dollars in federal child care funds

Additional economic impact is achieved through FTF's ongoing investments in quality child care improvement. These investments also continue to ensure that Arizona is able to make full use of all available federal child care funds.

In Arizona, many children access early learning through federal Child Care and Development Fund (CCDF) dollars. CCDF funds are administered by the Arizona Department of Economic Security (DES), the State's primary funding source devoted to supporting families with low incomes to afford child care. But Arizona cannot claim a $46.6 million portion of the total CCDF grant ($254 million) unless the State expends $35.8 million in non–federal dollars on child care–related activities. FTF investments in child care provide $33 million of these required matching funds.

In order to continue to access Arizona's full allotment of CCDF dollars, FTF collaborated with the Governor's Office and DES in establishing a Memorandum of Agreement (MOA) to count FTF investments as the required match.

Throughout the 16 years this MOA has been in place (see Table 6), Arizona has leveraged more than half a billion dollars in federal child care funds that would otherwise have been lost. By ensuring that Arizona is able to draw down all available CCDF funds, FTF is helping to ensure today's parents can keep working. Through this effort, FTF is also improving the quality of care in licensed and certified child care and preschool settings and providing access to care through scholarships so that more young children arrive at kindergarten prepared to succeed.

Table 6: Memorandum of Agreement Total Investment

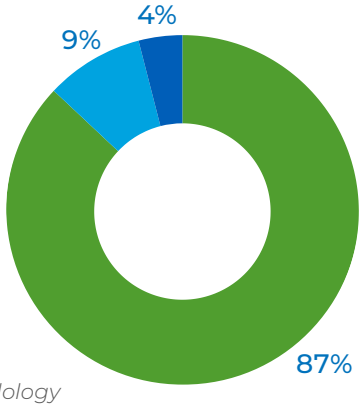
Federal Fiscal Year	FTF Match Provided from FFY2011-FFY2025	Total Federal Child Care Subsidy Dollars Drawn Down as Result of FTF-DES MOA from FFY2011-FFY2025
2011-2025	TOTAL FTF match $434 million	TOTAL federal drawdown $605.7 million
2026	$33 million	$47 million
2027*	$30 million*	$47 million*

*Projected

SFY26 Statewide and Regional Expenditures

Revenue by Source

Tobacco Fund	$88,818,415
Grants, Gifts and Donations	$9,053,175
Investment Earnings*	$4,161,438
Total	**$102,033,028**



Note: *Financial data presented are based on a modified accrual accounting methodology and are unaudited at time of publication and, as such, are subject to change. *The investment earnings are generated from funds held with the Arizona Treasurer's Office in an interest-earning account.*

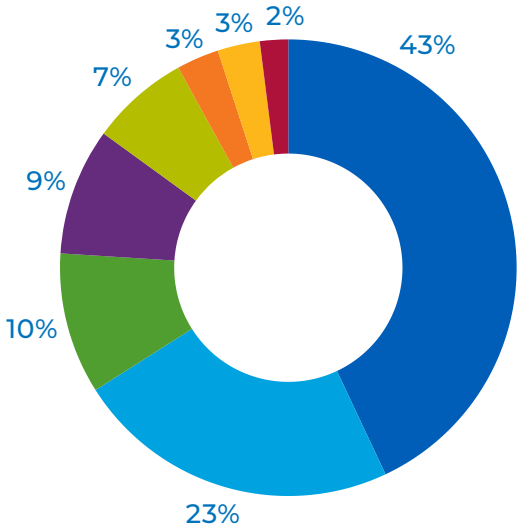
Expenditures

Programs and Services

Quality Child Care & Preschool	$60,732,406
Strengthening Families	$32,745,933
Preventive Health	$14,596,592
Other programmatic expenditures (Grants, Gifts and Donations)	$9,334,245
Research & Evaluation	$4,116,198
Workforce Development & Training	$3,761,214
Family/Community Engagement	$3,136,658

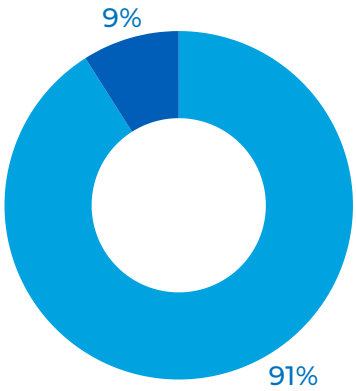
Support Activity

Administration and General	$12,531,092
Total Expenses	**$140,954,338**

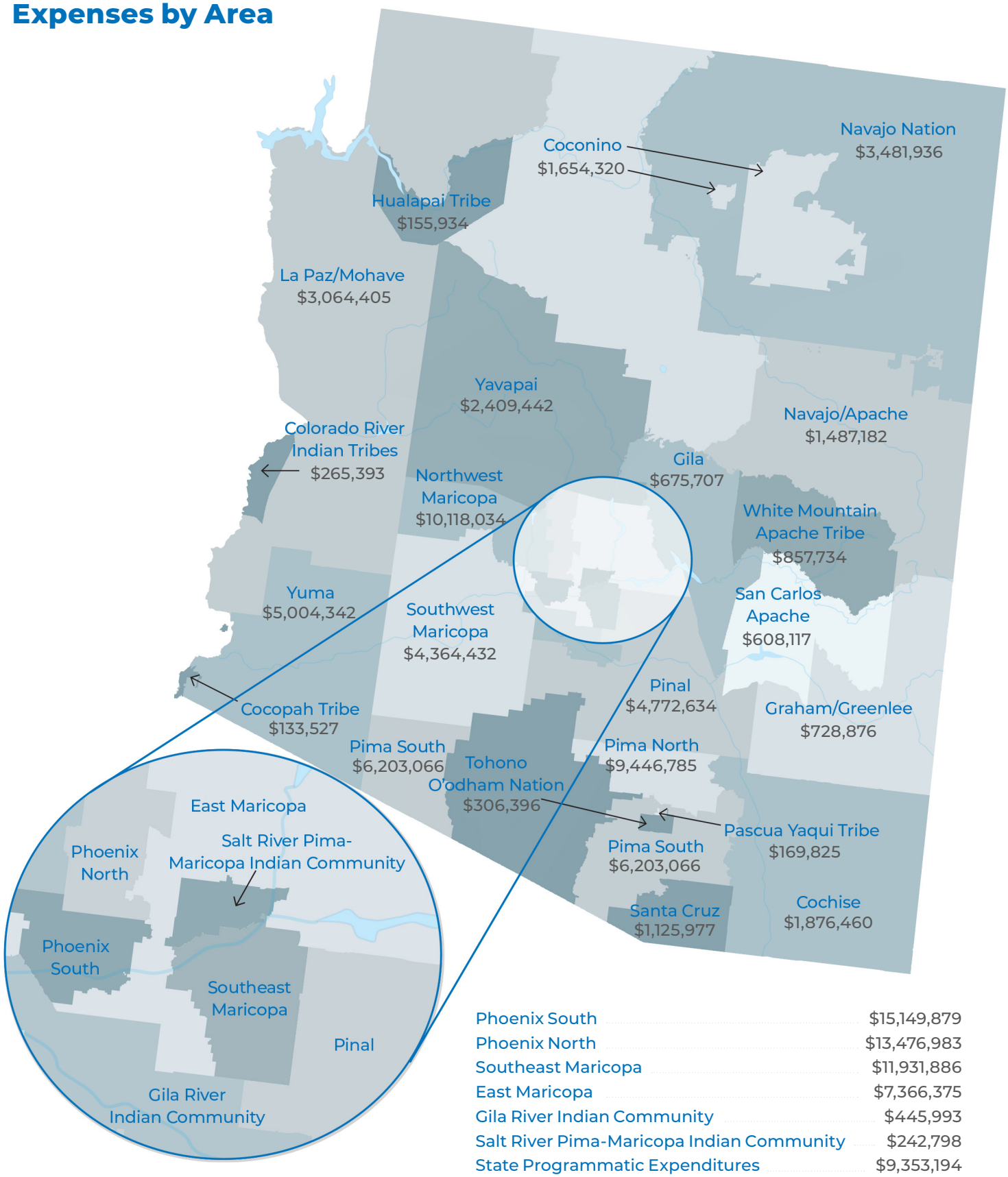


Expenses by Category

Programs and Services	$128,423,246
Administration	$12,531,092



Expenses by Area



Phoenix South	$15,149,879
Phoenix North	$13,476,983
Southeast Maricopa	$11,931,886
East Maricopa	$7,366,375
Gila River Indian Community	$445,993
Salt River Pima-Maricopa Indian Community	$242,798
State Programmatic Expenditures	$9,353,194
Total	**$116,877,632**

Statewide Partners

First Things First strives to promote efficacy and efficiency by leveraging the successful efforts and experience of existing early childhood system partners. Programs and services funded by First Things First are delivered primarily by community-based non-profit organizations, school districts, local governments and institutions of higher learning that have been awarded contracts through a competitive grant process and by governmental entities with demonstrated expertise in a specific field of work. Almost 80 organizations listed below represent only FTF's contracted services. FTF regional partnership councils and staff work with a myriad of additional state and local community partners to maximize our collective work and impact through coordination and collaboration.

Cities and Towns

Apache Junction Public Library

City of Avondale

City of Mesa

City of Phoenix Human Services Department

City of Phoenix Library

City of Scottsdale

City of Surprise

Pendergast Elementary School District

Safford City-Graham County Library

Town of Gila Bend

Town of Queen Creek

Town of Wickenburg

County Governments

Cochise Health and Social Services

Coconino County Public Health Services District

Gila County Library District

Maricopa County Department of Public Health

Maricopa County Juvenile Court

Navajo County Public Health Services District

Pima County Health Department

Santa Cruz County School Superintendent's Office

Faith-Based

AZCEND (formerly Chandler Christian Community Center)

Lutheran Social Services of the Southwest

Non-profit Organization

Arizona Chapter of the American Academy of Pediatrics

Arizona Children's Association

Candelen

Chicanos Por La Causa, Inc., dba Parenting Arizona

Child and Family Resources, Inc.

Dignity Community Care, dba Chandler Regional Medical Center

Easterseals Blake Foundation

El Rio Santa Cruz Neighborhood Health Center, Inc., dba Elk Ridge Community Health (formally North Country HealthCare)

High Country Early Intervention, dba Karen A. Fay, Inc.

Make Way for Books

Southwest Human Development

The Learning Center for Kids, dba Root for Kids

United Way of Pinal County

United Way of Tucson and Southern Arizona

Valley of the Sun United Way

Other

Arizona Youth Partnership (Teen Outreach Pregnancy Services)

Maricopa County Special Health Care District, dba Valleywise Health

Summit Healthcare Association

Private Organizations

Callie Pediatrics, P.C.

Enhancing Early Childhood, LLC

Tiny Cactus Daycare, LLC

Tracy's Child Care

School Districts

Buckeye Elementary School District

Chandler CARE Center

Creighton Elementary School District

Deer Valley Unified School District

Isaac Elementary School District

Glendale Elementary School District

Maricopa County School District

Paradise Valley Unified School District

Peoria Unified School District

Saddle Mountain Unified School District

San Carlos Unified School District

Tempe Elementary School District

Washington Elementary School District

Institutions of Higher Learning

Arizona Board of Regents for and on behalf of the Arizona State University

Arizona Board of Regents for and on behalf of the Arizona State University for Arizona PBS

Arizona Board of Regents for and on behalf of the Northern Arizona University

Arizona Board of Regents for and on behalf of the University of Arizona

Institutions of Higher Learning

continued

University of Arizona Cooperative Extension, Apache County

University of Arizona Cooperative Extension, Gila County

University of Arizona Cooperative Extension, Graham County

University of Arizona Cooperative Extension, Greenlee County

University of Arizona Cooperative Extension, La Paz County

University of Arizona Cooperative Extension, Navajo County

University of Arizona Cooperative Extension, Pinal County

University of Arizona Cooperative Extension, Santa Cruz County

University of Arizona Cooperative Extension, Yavapai County

University of Arizona Cooperative Extension, Yuma County

Tribal Nations

Cocopah Indian Tribe

Colorado River Indian Tribes

Fort McDowell Yavapai Nation

Gila River Health Care Corporation

Hualapai Indian Tribe

Navajo Nation Department of Dine Education: Office of Special Education and Rehabilitation Services

Navajo Nation Library

Pascua Yaqui Tribe

Salt River Pima-Maricopa Indian Community

San Carlos Apache Tribe

Tohono O'odham Nation

Celebrating a decade of service to Arizona's young children

At First Things First, volunteer regional partnership councils inform decisions about which early childhood programs are funded locally through their assessment of needs in their communities and subsequent recommendations to the state Board. These dedicated citizens represent the many facets of our community that have a stake in our young children's success, including parents, educators, child care professionals, health care providers, tribal communities, faith representatives, business leaders and philanthropists. Each member dedicates an estimated 120 hours each year to study the needs of their communities and work with local stakeholders to identify priorities for funding.

However, being a regional council member goes beyond the work done in meeting rooms. Each member – in their professional and personal lives – works to connect others in their community with the work of FTF. They do this by building awareness of the importance of early childhood among audiences ranging from families to policymakers. They can also build community partnerships that help to expand or enhance the local support for young children or their families.

Although members serve staggered 4-year terms, many individuals apply for and are selected to serve additional terms. In SFY26, 4 individuals celebrated 10 years of service to young children in their communities. Twelve individuals statewide celebrated 15 years of service. They join 127 individuals acknowledged for this milestone since 2018. This year, FTF thanks and celebrates the following 15- and 10-year champions for children.

15 Years of Service

Lisa Bautista · FTF East Maricopa Region

Emilia Cortez-Sharkey · FTF Yuma Region

Dr. David Dumon · FTF Pima South Region

Joyce Harper · FTF Phoenix South Region

Lynn Hockenberger · FTF East Maricopa Region

JoEllen Johnston · FTF Southwest Maricopa Region

Elisia Manuel · FTF Gila River Indian Community Region

Kelly McCue Nation · FTF Coconino Region

Jesse Navarro · FTF Tohono O'odham Nation Region

Felicia Panana · FTF Salt River-Pima Maricopa Indian Community Region

Christy Rail · FTF La Paz/Mohave Region

10 Years of Service

Michael Kintner · FTF Pinal Region

Kalman Mannis · FTF Cochise Region

Kathy Watson · FTF Yavapai Region

Hector Youtsey · FTF Pascua Yaqui Tribe Region

FTF asked longtime regional council members to share what they appreciated most about serving on the regional council and why they would recommend regional council participation to others in their community. Below are a few of their answers.

Edited for length and clarity.

Erin Boling

FTF Phoenix North Region

I deeply value the mission of the organization and wholeheartedly believe in the impact of its work. It is truly an honor to serve on the regional council alongside such dedicated members who are committed to driving meaningful change. There is a strong and meaningful balance between process and people being a part of this time, which is especially rare and valuable as we focus on strategic planning.

I would highly recommend regional council participation to others in the community, as it offers a direct opportunity to contribute to organizational progress and meaningful impact.

Brittany Caldwell

FTF Southwest Maricopa Region

I appreciate that FTF has a system that allows the local community to have a voice in where support is needed most! It's a great opportunity to have a positive impact in your community and also connects you to other like-minded individuals who share your passion for the importance of early childhood education.

Dora Correal

FTF East Maricopa Region

I appreciate that data, resources and information to help make informed decisions for programs and services for those from birth to age 5. I would recommend regional council participation because it provides a valuable opportunity to advocate for children and families and contribute to meaningful, impactful change.

Kelly Cota

FTF Pinal Region

Serving on the FTF Pinal Regional Partnership Council has allowed me to observe the collaboration among so many people across Pinal County. Although we may not always agree on the most effective and efficient way to meet the outcomes, we always agree that every young child and their family deserves access to information, resources and support. This commitment is part of what makes FTF so effective. FTF truly focuses on determining how to best serve all young children in the region.

It's easy to become skeptical these days, but serving on the regional council has given me a more positive perspective. Working alongside so many dedicated individuals and organizations has given me a deep appreciation for the vital work happening behind the scenes.

Sophie Dessart

FTF Pinal Region

I appreciate the opportunity to collaborate with a diverse group of dedicated leaders who are deeply committed to improving outcomes for young children and families across the Pinal region. Serving on the regional council provides a meaningful way to align my professional work in community engagement and early childhood initiatives with broader regional priorities. It is especially rewarding to help advance efforts that ensure every child has the support and resources they need to reach their fullest potential.

I would highly recommend regional council participation to others because it offers a unique opportunity to make a tangible impact in your community while gaining valuable insights into the challenges and opportunities facing families with young children. It's a chance to collaborate across sectors, contribute to thoughtful decision-making, and be part of solutions that create lasting, positive change for the next generation.

Marcus Diaz

FTF Pascua Yaqui Tribe Region

Serving on the regional partnership council is very fulfilling for several reasons. Mostly, because I have an opportunity to contribute and give back to the community and to help chart the path for our future generations. Participation is important because it allows the community an opportunity to understand additional resources that exist for early childhood development.

Claude S. Endfield

FTF Navajo/Apache Region

I attended an informational meeting held by Nadine Basha and I was "hooked." I became automatically interested and involved. What a joyous celebration when Arizona voted for the movement. I served on our first FTF Navajo-Apache Regional Partnership Council and am still serving. I have learned a lot more about the early childhood field, community engagement, supporting families and successfully writing and administering FTF grants.

I believe that every parent, guardian, early educator and those involved with young children should become engaged with the effort/movement and become an advocate. By serving, we can make a difference by supporting young children and families who need assistance in fully understanding the impact services for children have on their development and lives and the impact on all our futures.

Kathy Grandprey

FTF Phoenix North Region

What I appreciate most about being on the regional partnership council is the feeling of fellowship. Being with people who share the same values and have the same concerns for our young children and their families.

I would recommend that anyone who is interested in being part of something that focuses on the education, safety and well-being of our smallest citizens and their families needs to be on an FTF regional partnership council.

Heidi Hultquist

FTF Pima North Region

What I appreciate most about serving on the regional partnership council is the opportunity to help shape investments that support children and families during the most critical years of development. Early in my career, I managed an FTF grant, and that experience gave me a firsthand understanding of the profound impact that quality early childhood programs can have on a child's future.

Today, that work feels even more meaningful as a mother of 3 young children, 5 and under. Every day I see how much growth, learning and development happens in these early years, and how access to resources, high-quality care, early learning opportunities and family support can make a lasting difference.

Twila Ibarra

FTF Pinal Region

I appreciate being a part of the conversations and decisions that impact the community I live in. Participation in the regional council has allowed me to create more connections with other community members and learn more about the challenges and successes that programs and families in Pinal County experience.

Caroline Lewis

FTF Pima South Region

What I appreciate most about serving on the regional partnership council is that I really feel like I am able to make a difference in my community through the work the regional council does. From attending site visits to understand what early childhood education looks like in the day-to-day, to engaging in conversations with grantees about the impact of their work, to supporting FTF staff in the work that they do, there are so many ways that the early childhood world is impacted by the work of FTF regional members. I feel like the work really helps shape positive outcomes for children and families in Pima County and throughout Arizona.

Julie Rhein

FTF Phoenix North Region

Serving on a regional partnership council has provided me an opportunity to stay connected to the birth to age 5 community, even as my own child has aged out of that range. Working alongside a group of dedicated professionals on behalf of the youngest members of our community is incredibly rewarding.

In order for our regions to meet the needs of each community, we need people from that community to lend their voices, experience and expertise. We need diverse people to join us at the table!

Mia Sanchez

FTF Yuma Region

I really appreciate the holistic approach and the genuine commitment to diverse community engagement. FTF does a great job of working beyond silos, actively partnering with other organizations that can truly advance their mission.

Our local regional council is a wonderful way to support young families and the littlest members of our community. It's far more approachable than people might expect. Sometimes folks want to get involved and make a difference, but they're not sure where to start. Start with FTF! They give you all the tools and support you need to shape yourself into an effective advocate. They truly amplify your voice and make sure you never feel lost in the process. I always leave feeling a part of something meaningful, something bigger than myself.

Dr. Matt Schumacher

FTF Yavapai Region

What I appreciate most about serving on the regional partnership council is the mutual goal that regional council members share to enhance and expand resources for children and families throughout our communities. While each of us brings a different lens to the regional council, it is wonderful to be part of a team that genuinely works toward a common vision with agreed-upon outcomes.

Regional council participation is not an overwhelming commitment akin to a full-time job. It is a way to have a meaningful impact on your community/state in both the short and long term by being present and engaged for only a few hours a month. It is a significant return on investment with lasting outcomes.

Valerie Tsosie

FTF Navajo Nation Region

We are impacting our communities with practical solutions that are suitable for our community. The community has to support and know more to expand the range of services.

Chira Walema

FTF Hualapai Tribe Region

What I appreciate most about serving on the FTF Hualapai Regional Partnership Council is the impact I can make in the community and for Hualapai families. The work we do with children is special and impactful. Knowing the positive intentions and guidance FTF provides is admirable. The support they give helps us regional council members know that what we are doing is seen and makes a positive impact on our communities.

Priscilla Whitlock-Coates

FTF Cochise Region

I most appreciate the opportunity to have a voice and bring knowledge, culture and wisdom to the decision making around the needs of my community. Our community is comprised of a wealth of culture and diversity. The diversity of our populations brings challenges and strengths that are never one-size-fits-all. The ability to serve on a regional council that understands the value of diversity and the importance of hearing what the needs of the entire state is invaluable. I am passionate about representing my tribe of people and honored to represent their voices and needs.

FTF leverages opportunities to ensure a community grows and stays strong are precious and essential for our future. I feel it is the responsibility of all adults to ensure our community is stable and safe for our upcoming generation.

Dr. Mario J. Ybarra, Sr.

FTF Yuma Region

As an educator, it has been deeply rewarding to represent Yuma County and contribute to the next era of early childhood education. I'm thankful for the opportunity to continue serving and look forward to the next level of growth and impact for our youngest children and families across Arizona.

Melissa Zazueta

FTF Pinal Region

I appreciate serving on the regional council because I can directly support local early childhood efforts in my community. I would recommend participation because anyone can make a difference!

FIRST THINGS FIRST

First Things First is an essential leader and partner in creating a family-centered, equitable, high-quality early childhood system that supports the development, well-being, health and education of all Arizona's children, birth to age 5.

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