



Arizona Early Childhood Fiscal Map



Statewide Investments Summary Report
April 2026

Executive Summary

Read On Arizona conducted an updated fiscal mapping analysis to examine state and federal investments supporting early childhood and early literacy. This analysis was designed to strengthen state and local leaders' understanding of how public resources are currently allocated and to inform more strategic, coordinated, and sustainable funding decisions that advance outcomes for children and families.

The primary goals of this fiscal mapping effort were to:

- » **Update the Arizona Early Childhood Fiscal Map** to reflect state and federal funding streams supporting early care and education through Fiscal Year (FY) 2025;
- » **Incorporate dedicated funding streams** specifically earmarked for early literacy initiatives spanning FY2019 through FY2025; and
- » **Build state and local capacity** to critically analyze, align, and strengthen investments that support early learning and early literacy outcomes.

Key Findings

- » **Federal funding** has played a significant, but time-limited, role in expanding early childhood services, particularly between FY2020 and FY2023.
- » **State funding** is the primary driver of K–3 early literacy investments.
- » The two categories that received the largest shares of funding are **Early Care and Education and Child Health and Well-being**.
- » **Workforce investments** surged temporarily during the pandemic, underscoring the need for sustained, long-term support.

Key Takeaways

- » **Sustainability** is the central challenge as federal relief funding sunsets.
- » **Alignment** across funding streams is critical to maximizing funding opportunities.
- » **Early literacy** serves as a strong anchor for system-wide improvement.
- » **Data-driven decision making** is vital for planning how to use funds to enhance programs and services.
- » Outcome-based analysis highlights strong alignment with **school readiness and healthy children and families**, while revealing areas for improved coordination.

The updated fiscal map can be viewed on the Read On Arizona website under [Data Tools: Arizona Early Childhood Fiscal Map](#).

Using the Fiscal Map

The Arizona Early Childhood Fiscal Map offers a child-centered perspective on public investments, shifting the focus from traditional department-based budgeting to how resources collectively support children and families across Arizona. This data visualization focuses on funding streams that support early care and education, and the broader early childhood ecosystem, including comprehensive services that support children and families.

Users can explore individual funding streams and examine how investments align by service and program type, age range, and priority populations. By mapping multiple years of data, the report illustrates funding trends over time and highlights the role of time-limited federal investments, including COVID-19 relief funds, in accelerating early learning and literacy in Arizona.

Together, these findings provide a comprehensive view of state and federal investments in Arizona's early childhood and early literacy systems, offering policymakers, practitioners, and community leaders the bigger picture and a shared foundation to identify opportunities for improved alignment, sustainability, and impact.

- » **Local leaders** can use the fiscal map to understand where funding originates and how it flows, identify gaps, and inform community planning.
- » **Regional partnerships** can align cross-sector strategies and coordinate investments.
- » **State leaders** can assess system-level trends, inform budget decisions, and guide strategic financing conversations that promote long-term sustainability.

When used as a shared planning and decision-making tool, Arizona leaders can maximize funding, align investments, and prioritize outcomes that matter most for children and families.

By understanding where and how public dollars are invested, partners in Read On Arizona can more effectively align resources, strengthen system sustainability, and advance the shared key drivers identified in [Arizona Literacy Plan 2030](#).

Analysis

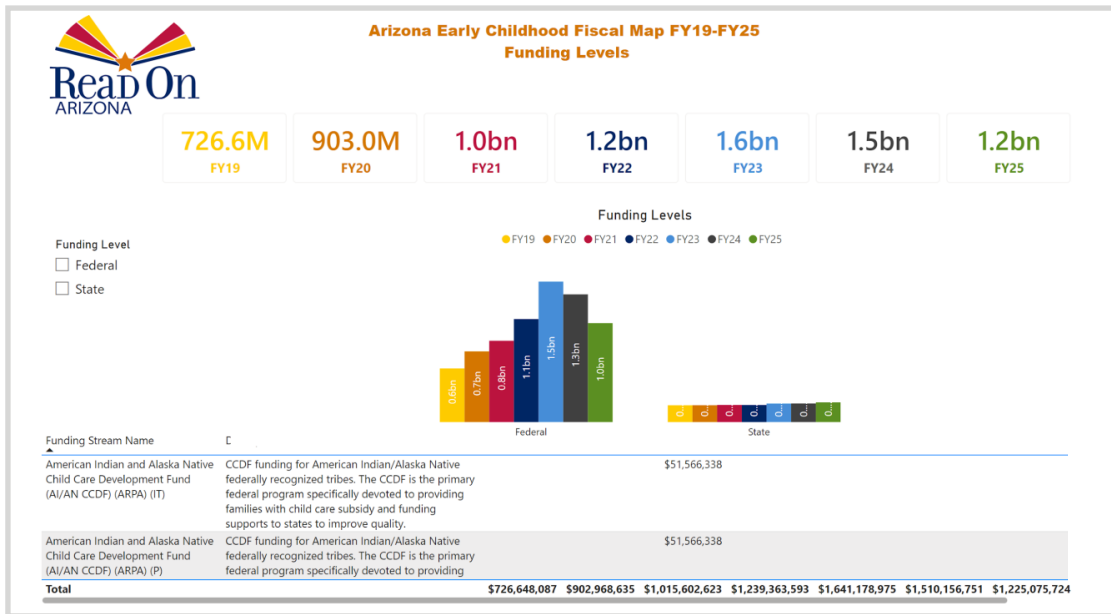
Arizona’s Early Childhood Fiscal Map offers a comprehensive, child-centered view of how public resources are invested. By bringing together seven years of state and federal funding data, the fiscal map moves beyond traditional, siloed department/agency budget perspectives to demonstrate how investments collectively support children and families. As Arizona works toward accelerating outcomes in early learning and early literacy, this analysis provides an essential foundation for informed decision-making and long-term planning.

The following analysis of the updated Arizona Early Childhood Fiscal Map captures both ongoing federal and state investments as well as time-limited federal grants and COVID relief funds that have contributed to early childhood and literacy services and supports during the period examined.

For these purposes, *early childhood* is defined as children from birth through age five who are not yet enrolled in kindergarten. In addition, the updated fiscal map includes new data on investments in early literacy programs for children in kindergarten through third grade.

Funding Level

Below is a high-level summary of total investments in early childhood and early literacy, organized by funding source. A substantial share of early childhood funding is supported by federal resources, including both ongoing federal programs and time-limited investments such as COVID-19 relief funding.



Between FY2019 and FY2023, total funding increased by nearly \$1 billion, driven largely by the infusion of federal COVID-19 relief dollars into the early childhood system. Beginning in

FY2024, several of these temporary funding streams began to sunset, resulting in a notable decline in federal investments in FY2024 and FY2025.

In contrast, state investments remained relatively flat from FY2019 through FY2022. State funding increased by 8 percent between FY2022 and FY2023, held steady in FY2024, and then grew by an additional 6 percent in FY2025. These trends underscore the outsized role of time-limited federal funding in recent growth and highlight the importance of sustained state investment to ensure long-term stability for early childhood and early literacy initiatives.

Takeaway:

As federal relief funding continues to phase out (i.e. CLSD, PDG, decreases in CCDBG, etc.), maintaining and strengthening progress in early childhood and early literacy will require intentional strategies to stabilize funding, align existing resources, and increase sustained state investment to support long-term, child-centered outcomes.

Figure 1 ECE: Federal vs. State Funding (FY19-FY25)

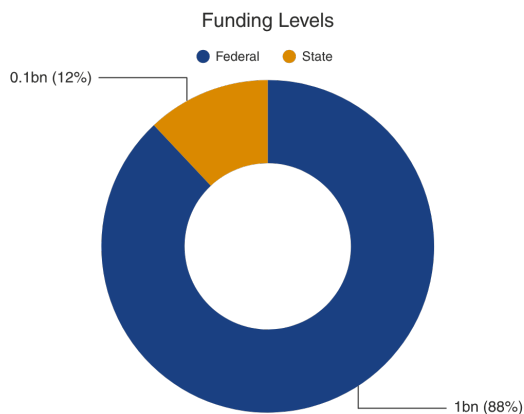
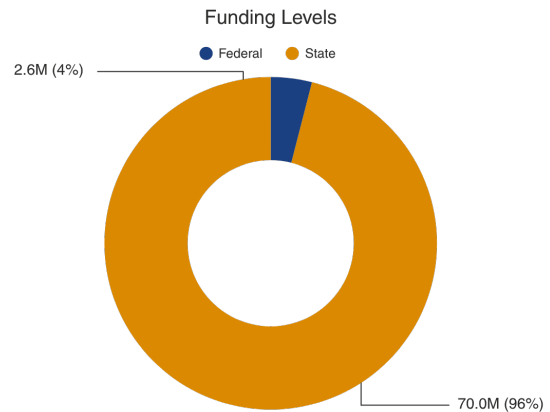


Figure 2 Early Literacy: Federal vs. State Funding (FY19-FY25)

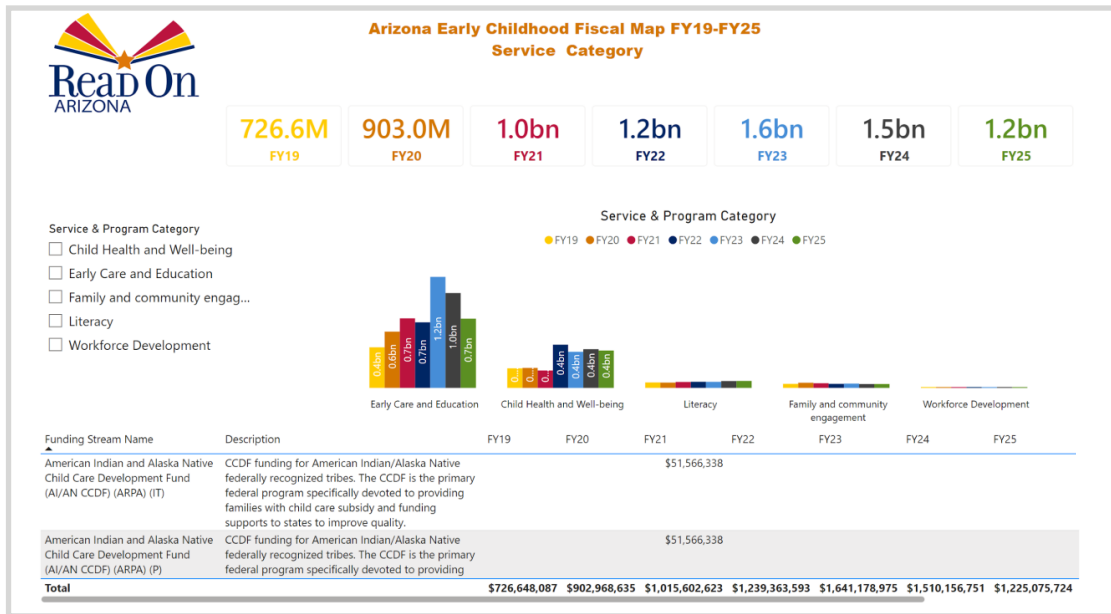


Figures 1 and 2 highlight the distinct but complementary roles that state and federal investments play in supporting Arizona’s early childhood and early literacy systems. As shown in Figure 1, federal funding constitutes the largest share of early care and education investments, reflecting the importance of federal programs and relief dollars in expanding access to early childhood opportunities, and family supports for children birth through age five. In contrast, Figure 2 demonstrates that early literacy investments for students in kindergarten through third grade are driven primarily by state funding.

This funding structure reflects Arizona’s strategic emphasis on early literacy as a priority and highlights key initiatives such as the Comprehensive Literacy State Development Grant, Move On When Reading, Foundational Literacy Coaches, and the Early Literacy Grant. Together, these figures provide a high-level overview of how funding is aligned across the birth through third grade continuum and reinforces the importance of coordinated financing strategies.

Service Category

The fiscal map’s Service Category section groups funding by program type and function, aligning with common early childhood system components. This is intended to provide a clear and organized view of where public dollars originate and how they are allocated, while also supporting the identification of potential gaps, overlaps, or opportunities for greater alignment across funding streams.



Early Care and Education represents the largest investment category and includes funding that supports program infrastructure and operations, educator salaries and stipends, and resources for providers. Child Health and Well-being is the second most heavily-funded category and encompasses physical, mental, and behavioral health services, as well as nutrition supports, which account for most of the funding in this area.

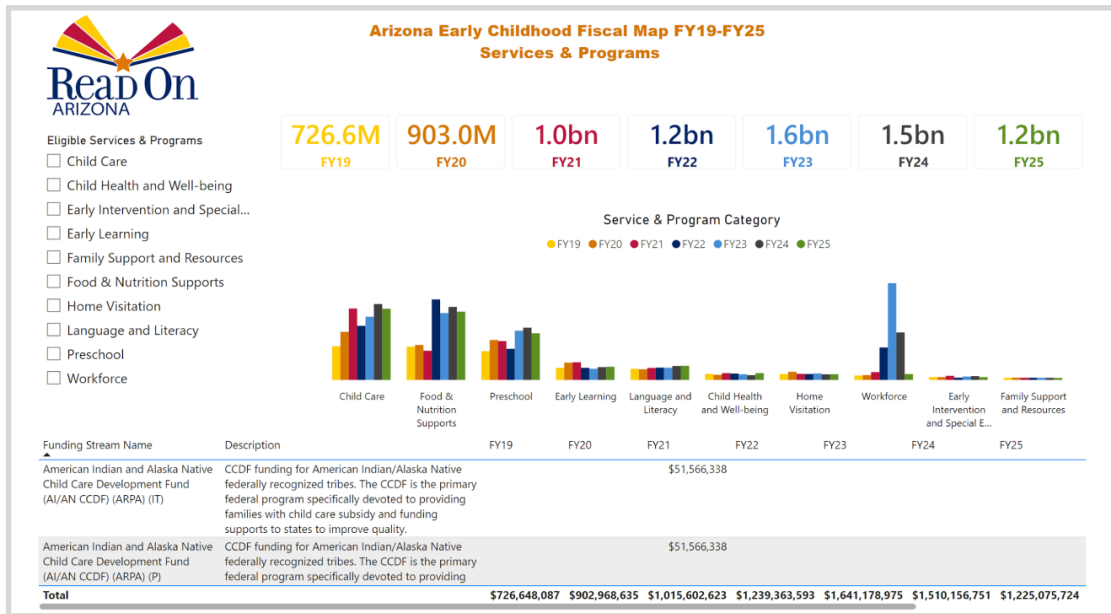
In contrast, Literacy, Family and Community Engagement, and Workforce Development receive substantially lower levels of investment across all seven fiscal years analyzed. Workforce Development funding includes resources dedicated to professional learning and capacity building for Arizona’s early care and education practitioners and teachers.

Takeaway:

While differences in funding levels across categories reflect the high cost of delivering early care and education services, these patterns also highlight areas for continued attention as the state seeks to strengthen outcomes for its youngest learners.

Services & Programs

Services & Programs functions as a subcategory within the broader Service Category section of the fiscal map, enabling a more detailed examination of how public investments support children and families across Arizona’s early childhood system. This structure allows stakeholders to move beyond high-level funding totals and better understand how resources are distributed across specific program types and functions.



These nested categories include Child Care, Food and Nutrition Supports, Preschool, Early Learning, Language and Literacy, Child Health and Well-being, Home Visitation, Workforce, Early Intervention and Special Education, and Family Support and Resources. To further clarify investments within Early Care and Education, the fiscal map distinguishes Child Care, Preschool, and Early Learning as separate program areas. The Workforce category captures costs associated with administering and supporting programs and services for children and families, including salaries, professional learning, and educator scholarships.

Across the seven fiscal years analyzed, the three highest funded service and program categories were Child Care, Food and Nutrition Supports — primarily the National School Lunch Program and the Child and Adult Care Food Program — and Preschool. Preschool investments increased between FY2019 and FY2024, driven in part by federal funding through the Preschool Development Grant and the High-Quality Early Learning Grant (via federal relief funding).

Workforce investments also rose sharply in FY2023, largely due to ARPA stabilization grants aimed at helping early care and education providers remain open and retain staff; FY2023

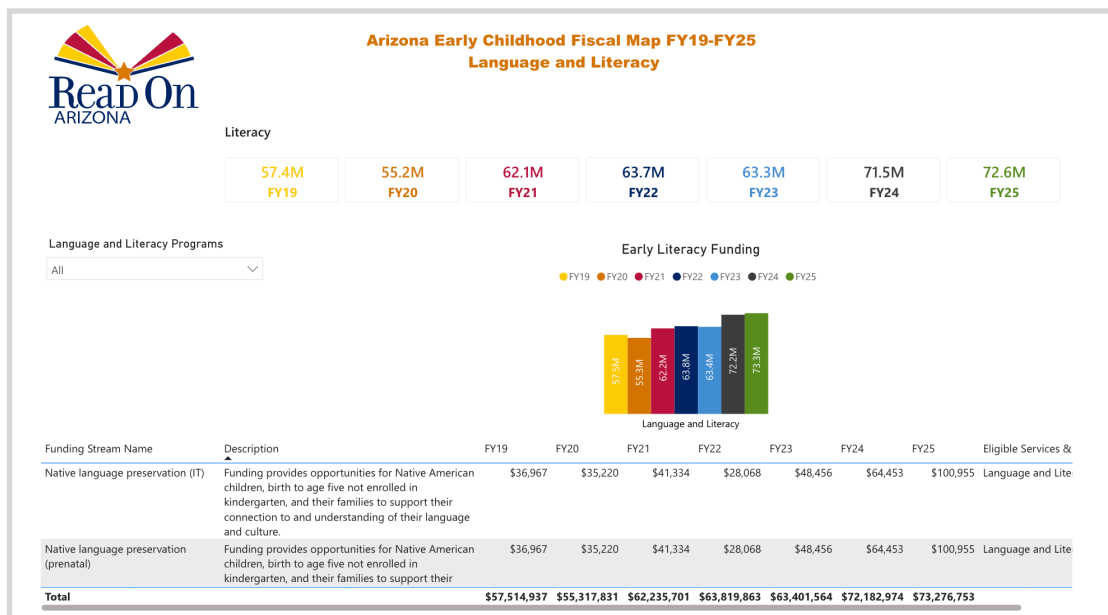
alone included a \$296.4 million investment in this area. In contrast, Early Intervention and Special Education, as well as Family Support and Resources, consistently received the lowest levels of funding, each accounting for less than five percent of total annual investments.

Takeaway:

These investment patterns highlight the critical role of temporary federal funding in supporting system stability and underscore the need for long-term, coordinated strategies to strengthen underinvested service areas while sustaining progress across Arizona’s early childhood and early literacy system.

Language and Literacy

New to this update of the fiscal map is the inclusion of funding specifically dedicated to literacy for children birth through third grade. Unlike early childhood funding overall, investments intentionally focused on accelerating early literacy outcomes in the B–3rd grade continuum are overwhelmingly supported by state resources, which account for approximately 97 percent of its total funding.



Across the seven fiscal years analyzed, K–3 literacy funding has shown a generally upward trajectory, apart from a four percent decline between FY2019 and FY2020. Funding increased by approximately 12 percent between FY2020 and FY2021, rising from \$55.2 million to \$62.1 million, driven in part by Arizona’s receipt of the Comprehensive Literacy State Development Grant and a modest increase in Move On When Reading investments.

From FY2021 through FY2025, funding continued to grow annually, with FY2024 and FY2025 reflecting increased utilization of resources to support the deployment of PreK–3 literacy

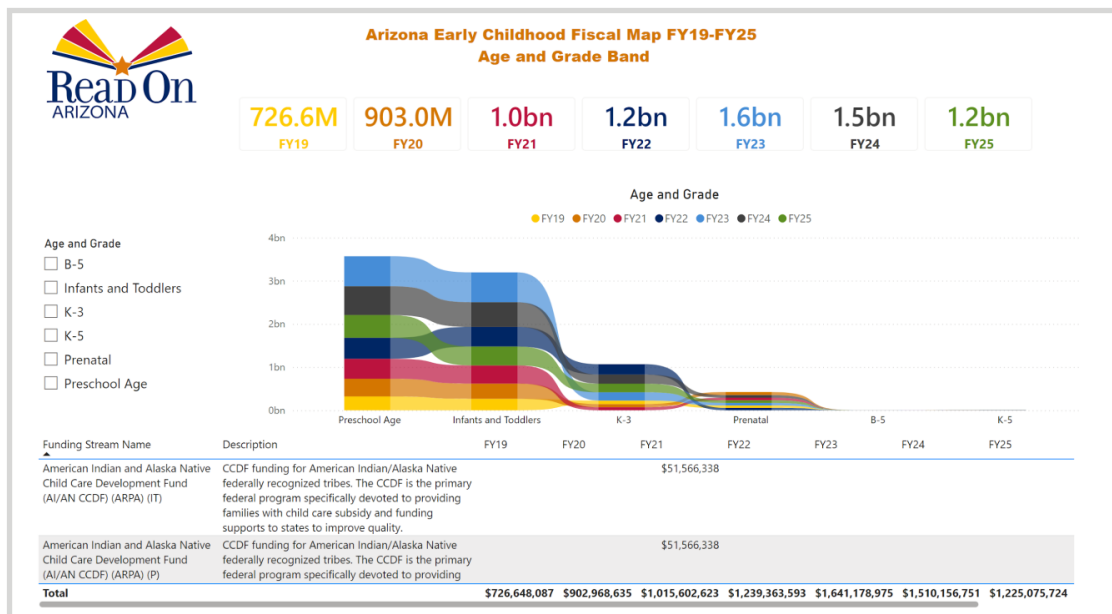
coaches through the Foundational Coaching Grant. It is important to note that FY2026 will be the final year of the Comprehensive Literacy State Development Grant, as this is a time-limited federal funding source.

Takeaway:

Sustaining momentum in K–3 literacy improvement will require strategic planning to maintain effective coaching and instructional supports through stable, ongoing state investments aligned with the scale-to-succeed strategies outlined in Arizona Literacy Plan 2030.

Age and Grade Band

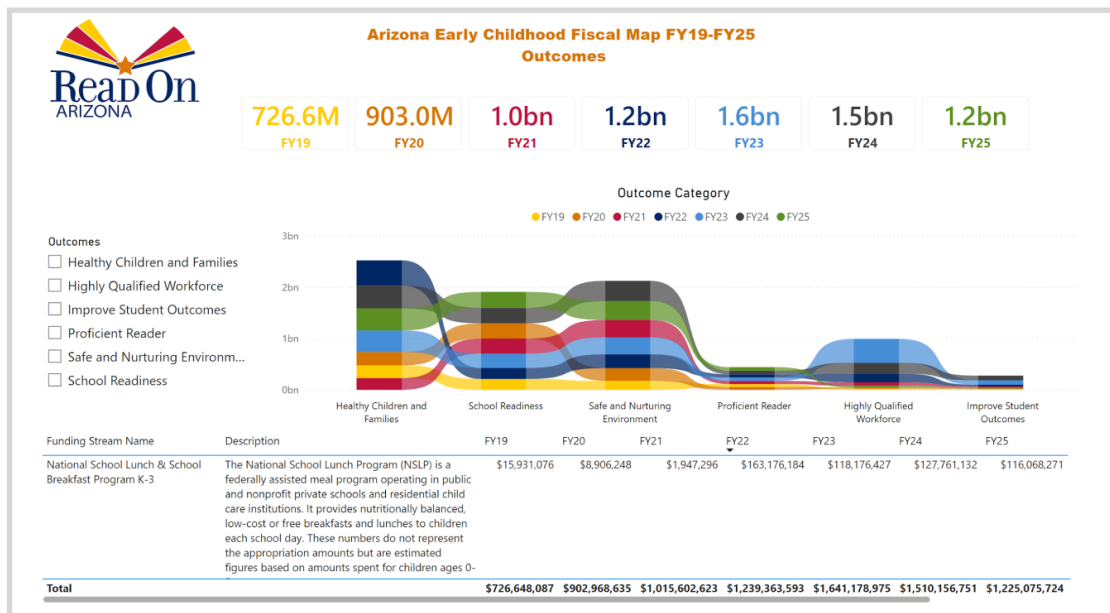
Investments span multiple developmental stages — including prenatal, infants and toddlers, preschool- age children, and the early elementary years (K–3) — demonstrating how public resources are layered to support children and families across critical transition points. The fiscal map also includes funding streams that could not be disaggregated by age and instead represent investments supporting the broader birth-to-five or early learning systems, underscoring the interconnected nature of Arizona’s early childhood ecosystem.



Outcomes

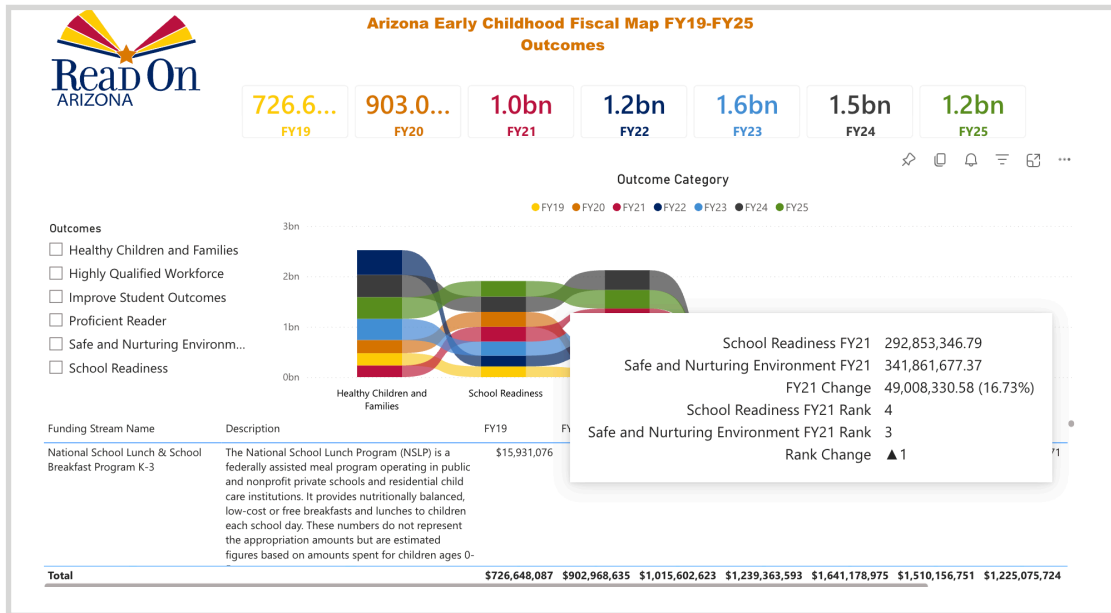
New in this iteration of the Arizona Early Childhood Fiscal Map is an outcomes-based view of public investments. Through the data collection and interview process, budget holders were asked to identify the primary goals and outcomes their funding streams are designed to achieve for children and families. These budget holder-identified outcomes were organized into six categories across the early learning and early literacy continuum:

- » **Healthy Children and Families:** Investments that support comprehensive, wraparound services promoting the health, stability, and well-being of children and families.
- » **Highly Qualified Workforce:** Funding that strengthens both pre-service and in-service supports to ensure children receive high-quality care and instruction from well-prepared professionals.
- » **Improved Student Outcomes:** Resources designed to ensure all children have the supports they need to hit developmental and physical milestones.
- » **Proficient Readers:** Investments that advance evidence-based literacy instruction, supports and interventions so students read on grade level.
- » **Safe and Nurturing Environments:** Funding that ensures children learn and grow in early care and education settings that are safe, supportive, and developmentally appropriate.
- » **School Readiness:** Investments that build the foundational knowledge and skills children need to successfully meet the expectations of kindergarten and beyond.



Consistent with other fiscal map views, federal COVID-19 relief funding played a significant role in infusing time-limited federal funds into Arizona’s early childhood system between FY2020 and FY2024, with peak utilization occurring in FY2023. During this period, investments

supporting School Readiness also increased steadily beginning in FY2023 and extending through FY2025. This growth is due in part to two temporary federal funding sources: the High-Quality Early Learning Grant supported by COVID-19 relief funds and the Preschool Development Grant administered through the U.S. Department of Health and Human Services.



Another outcome area experiencing substantial fluctuation and growth between FY2023 and FY2025 is Healthy Children and Families, which includes funding for child abuse prevention, home visitation, and nutrition supports. Funding in this category totaled approximately \$342 million in FY2021 but declined sharply to about \$270 million in FY2022, a decrease of more than 20 percent. This downward trend reversed in FY2023, with funding rebounding to just over \$327 million, representing an increase of more than 15 percent. Investments continued to rise in FY2024, reaching nearly \$393 million, largely driven by increased utilization of federal COVID-19 relief sources, including the Coronavirus Response and Relief Supplemental Appropriations (CRRSA), the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and the American Rescue Plan Act (ARPA).

The ribbon view of the fiscal map further enhances this analysis by allowing users to visualize not only changes in funding levels over time but also shifts in outcome-area rankings and the relative rate of change between fiscal years.

Takeaway:

Viewing investments through an outcomes-based lens strengthens Arizona’s ability to maximize and align funding with shared goals, identify gaps and duplication.

COVID Relief

The COVID relief view captures federal COVID-19 relief investments spanning FY2020 through FY2025. These federal dollars are primarily derived from three major relief sources: the American Rescue Plan Act (ARPA), the Coronavirus Response and Relief Supplemental Appropriations (CRRSA), and the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Collectively, the fiscal map analyzes nearly \$1.3 billion in federal COVID-19 relief funds utilized to strengthen the ECE workforce and meet the needs of children and families across Arizona.

Approximately half of all COVID-19 relief funding utilization occurred in FY2023 alone, totaling an estimated \$551.6 million. The majority of these FY2023 investments were directed toward stabilizing and strengthening the ECE workforce, with a significant emphasis on supporting livable wages.

Takeaway:

Federal COVID-19 relief funding played a critical role in stabilizing Arizona’s early childhood system—particularly its workforce—but the concentration of investments in a single fiscal year highlights the urgency of developing sustainable, long-term funding strategies to maintain workforce capacity and support strong early learning outcomes statewide.

Arizona’s Current Investments (FY2025)

What does this fiscal mapping data tell us about how we finance our system? To start to answer this question, a quick analysis of current investments (FY 2025) flowing through the state can be done by identifying per capita investments in ECE and early literacy.

Per Capita Investment in ECE Estimates	Per Capita Investments in Early Literacy
<p>\$1,152,509,339</p> <p>Total FY 2025 ECE Investments</p>	<p>\$72,566,384</p> <p>Total FY 2025 Early Literacy Investments</p>
<p>\$2,928</p> <p>Per total population ages 0-4 based on 2023 census (393,648)</p>	<p>\$238</p> <p>Literacy Investments per K-3 student from ADE 2025 enrollment data (305,127)</p>
<p>\$3,883</p> <p>Per child who potentially need ECE (296,800)</p>	<p>\$12,371</p> <p>Per pupil spending for K-12 students¹</p>

The per capita estimates for **ECE** are calculated using the total investment in early care and education in Arizona, calculated by this fiscal map analysis, and the Buffet Early Childhood Institute's [Measuring America's Child Care Gap](#) on the number of children in potential need of care and the current supply of licensed slots as well as the 2023 census estimate of total population of children 0-4 in Arizona.

The per capita estimates for **early literacy** are calculated using the total early literacy investments in Arizona, captured in the fiscal map analysis, and the Arizona Department of Education's [enrollment data](#).

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About Read On Arizona

Read On Arizona is our state’s early literacy initiative. Launched in 2013, Read On Arizona leads the statewide collaboration to advance the strategies, policies, and investments needed for all children to be proficient readers and successful in school. This includes leading the collaborative efforts of multiple state, system, and local partners in works towards the effective implementation of Arizona Literacy Plan 2030, which centers on four key drivers:

- » Building educator capacity in the science of reading.
- » Scaling up evidence-based literacy solutions
- » Engaging families and communities to support school readiness and literacy
- » Expanding access to high-quality early learning

Partners involved in the Arizona Early Childhood Fiscal Mapping Project include:



Learn more at ReadOnArizona.org