



arizona business & education coalition

## **ABEC ISSUE BRIEF:**

### **FIRST THINGS FIRST INITIATIVE**

#### **REQUESTED ABEC ACTION:**

The initiative sponsors have requested that ABEC take a position in support of the initiative. The Legislative Strategy Team has recommended that the issue go directly to Executive Committee for formal action.

#### **INITIATIVE DESCRIPTION:**

The initiative amends Title 8 of the A.R.S. (Children) and adds an article to Title 9 (Cities & Towns). It would provide an initial funding stream of \$150 million for statewide early development and health programs financed by a tobacco tax (4 cents per cigarette and various levels of other tobacco products). The goal of the proposal is to put in place a dedicated funding stream to finance programs that would benefit early childhood development and increase a child's probability of success once they enter school. To administer the program, a 9-member Arizona Early Childhood Development and Health Board would be established, appointed by the Governor to staggered 6-year terms. The Board would then create Regional Partnership Councils to decentralize the program and optimize the targeting of services based on local needs.

Specifically, the initiative amends Title 8 of the A.R.S. and creates a new Chapter 13 with the following general provisions (summarized):

Article 1. General Provisions - Early learning experiences directly impact a child's long-term educational success as supported by numerous scientific research studies.

Article 2. Regional Partnerships - The Governing Board would create a network of regional partnerships composed of a cross-section of geographically disbursed government, business, nonprofit and faith based institutions/organizations.

Article 3. Programs to increase the Quality of and access to early childhood development and health services - A system for awarding of grants is established.

Article 4. Funding Sources and Administration. (Technical Financial Provisions)

Article 5 Early Childhood Development and Health Board - Sets up parameters for Board governance and appointments.

**CURRENT STATUS:**

The initiative has been filed and petition circulation is now underway. As a change to Arizona statute, it must have 122,612 valid signatures by July 6, 2006 to qualify for the November ballot.

**SUPPORTERS:**

- The initiative is Co-chaired by ABEC Board Member Nadine Basha and supported by Basha's Supermarkets, the Children's Action Alliance and others.

**ARGUMENTS IN FAVOR**

- As much as 90 % of a child's brain is developed by the age of three. If we fail to reach children in need with the basic services they need to develop normally they will be at a disadvantage by the time they enter kindergarten and grade school.
- Arizona consistently ranks low in investment in programs designed to ensure success as children mature through the education system. It costs significantly more to remediate these deficiencies at the teenage level than it does to invest in programs that help prevent them in a child's formative cognitive and development years.

**OPPOSITION:**

- At this early stage in the campaign we are not aware of any organized group opposing the initiative.

**ARGUMENTS IN OPPOSITION**

- The initiative, irrespective of its intent, violates one of the major tenants of good tax policy. Specifically, it fails the "Nexus Test" which, asserts that there should be a direct relationship between a dedicated tax and the service it supports. An example would be the gas tax which supports transportation improvements. Also, increases in consumption taxes can have unintended side effects.
- There are unknown future fiscal impacts. The program creates a funding stream with staff which will inevitably lead to pressure to expand in scope and mission in order to provide more services and reach more children. This desire for increased funding will inevitably clash with revenue demands for other government services.

**IS THE ISSUE CONSISTENT WITH ABEC'S PRINCIPLES OF AGREEMENT?**

- ABEC's Principles of Agreement do not provide clear indisputable guidance on this issue leaving the Board with a policy decision.
- On one hand the initiative proposes to invest in the early child development criteria that increase the chances of student success and adds funding to a "pre educational" environment. On the other, the ABEC POA's call for funding that is raised in an equitable manner and does not impose a burden on any specific sector. There is no clear policy guidance from the POAs.