



# EARLY CARE & EDUCATION TRUST FUND



Establishing an Early Care and Education Trust Fund in Montana could provide critical support to the state's child care industry, helping ensure hardworking families can access affordable quality care and participate in the workforce.

Many Montana families remain unable to access licensed child care in our state – an issue that affects not only the early learning and development of our young children but the financial security of families and our state economy.

Trust funds are used across the United States to allocate funding to bolster a state's early care and education system. Funds come from various sources including coal severance tax bonds, oil and gas revenues, sports betting, casinos, and marijuana products.

## A MONTANA EARLY CARE & EDUCATION TRUST COULD FUND:

- Capital investment for child care facility creation and expansion
- Development of the early care and education workforce through increased financial incentives for training and career development
- Compensation for early care and education professionals including benefits like health care, wage supplements, and retention bonuses
- Bolstering the Best Beginnings Child Care Subsidy Program
- Support for the state's Quality Rating and Improvement System
- Tax credits for child care workers or employers contributing to child care affordability and accessibility

### Did you know?

- 40% of Montana businesses say they are unable to find and retain a qualified workforce because of a lack of child care.<sup>1</sup>
- 30% of Montana businesses say inadequate child care has prevented their company from growing.<sup>2</sup>
- 62% of parents say they've missed time from work because of a child care-related problem.<sup>3</sup>
- Over a 10-year span, Montana can expect a total economic burden of \$907 million because of inadequate child care.<sup>4</sup>

## LEARN MORE:

- **New Mexico**: In 2020, the New Mexico government passed legislation that established a \$300 million Early Childhood Education and Care Fund. The endowment's funds come from oil and gas revenues and go towards child care, preschool, and maternal-infant health.<sup>5</sup>
- **Louisiana**: In 2017, the Louisiana Legislature passed the Early Childhood Education (ECE) Fund which provides “dollar-for-dollar State Match for locally-generated funds” for quality early care and education.<sup>6</sup> The endowment's revenue comes from sports-betting, specialty license plates, land-based casinos, and hemp-derived CBD products. Since its inception, the ECE Fund currently holds \$50.6 million.<sup>7</sup>
- **Kentucky**: In 2022, the Kentucky Legislature created the Early Childhood Development Fund which serves to “improve and promote early childhood development.” It is financed through state appropriations, grants, gifts, federal funds, and 25% of tobacco settlement agreement proceeds. The Early Childhood Development Authority is appointed to oversee the fund and decide on funding priorities and programs that are assessed every two years.<sup>8</sup>
- **Arizona** In 2006, Arizona voters passed a ballot initiative that created an early childhood fund. It is financed by tobacco products where 80 cents of every tobacco tax dollar goes directly to the fund. The fund currently creates at least \$105 million in revenue annually and finances First Things First, Arizona's early childhood agency.<sup>9</sup>
- Other states that have a child trust fund include Nebraska, Oregon, Colorado, California, New York, and Vermont.



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### Citations

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- (3) Bureau of Business and Economic Research University of Montana & Federal Reserve Bank of Minneapolis. (2020). *Lost Possibilities: The Impacts of Inadequate Child Care on Montana's Families, Employers and Economy*. <http://www.bber.umt.edu/pubs/health/ChildCare2020.pdf>.
- (4) Poll Commissioned by Zero to Five Montana through the Montana State University Human Ecology Learning and Problem Solving Lab among 501 registered voters in Montana. (2022).
- (5) New Mexico State Investment Council. (2021, April 8). *Early Childhood Education and Care Fund - New Mexico State Investment Council*. <https://www.sic.state.nm.us/investments/permanent-funds/early-childhood-education-and-care-fund/>.
- (6) Louisiana Department of Education. (2023, May 26). *Early Childhood Education (ECE) Fund*. [https://www.louisianabelieves.com/docs/default-source/early-childhood/ece-fund-guidance-document-2023-2023-\(1\).pdf?sfvrsn=c1c66018\\_2](https://www.louisianabelieves.com/docs/default-source/early-childhood/ece-fund-guidance-document-2023-2023-(1).pdf?sfvrsn=c1c66018_2).
- (7) Louisiana Policy Institute for Children. (2023, October 20). *State of Early Care and Education - LPIC*. <https://policyinstitutela.org/early-childhood/state-of-early-care-and-education/>.
- (8) Kentucky Legislature. (2020). *200.151 Early Childhood Development Fund -- Purpose -- Source of moneys -- Strategic plan for distribution -- Annual report and audit*. <https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=7269>.
- (9) Arizona State Legislature. (2024). *Chapter 13 EARLY CHILDHOOD DEVELOPMENT AND HEALTH PROGRAMS*. <https://www.azleg.gov/arsDetail/?title=8>.