

Program #25200B - PEL - Contingency and Reserves
FY 2026 Adopted

Department: County Human Services **Program Contact:** Leslee Barnes
Program Offer Type: Revenue/Fund Level/Tech **Program Offer Stage:** Adopted
Related Programs: 40099B, 72052A, 72052B, 78335, 10000A, 10007B
Program Characteristics: One-Time-Only Request

Program Description

ISSUE: The revenue source for Preschool for All (PFA) is a personal income tax on the highest income earners who live or work in Multnomah County. Approximately 8% of Multnomah County tax returns each year include the PFA tax. The PFA personal income tax revenue fluctuates from year to year. The program is still new and is growing rapidly. It is important to be able to address expenses that are unforeseen or difficult to predict.

PROGRAM GOAL: Secure reserve and contingency funds to help provide ongoing fiscal stability for the initiative.

PROGRAM ACTIVITY: Personal income tax revenue can vary widely between fiscal years. Reserve and contingency funds have been established to provide fiscal stability for PFA. They help ensure a consistent level of service despite year-to-year revenue variability. They also help protect the program from unexpected revenue declines due to economic fluctuations and from unexpected costs. This allows PFA to be nimble and adaptive during the implementation stage. These fiscal stability approaches are informed by the best practices of government accounting and by Multnomah County's Financial and Budget Policies.

The reserve and contingency funds were established in FY 2022. Each year, funding is added to the reserve so that the total amount is 15% of anticipated PFA tax revenue for that fiscal year. The reserve fund helps ensure the long-term financial stability of the program. These funds will be used in future years if PFA tax revenue is lower than anticipated.

PFA tax revenue will also be added to the contingency fund so that the total is 10% of anticipated PFA tax revenue for that fiscal year. The contingency fund will allow the Preschool & Early Learning Division to address unforeseen expenses during FY 2026.

PROGRAM OUTPUTS:

- Fully funds the PFA reserve fund.
- Fully funds the PFA contingency fund.

Performance Measures

Measure Type	Performance Measure	FY24 Actual	FY25 Budgeted	FY25 Estimate	FY26 Target
Output	% of reserve goal met	100%	100%	100%	100%
Output	% of contingency goal met ¹	N/A	N/A	100%	100%

Performance Measures Descriptions

¹This performance measure is new for FY 2026.

Revenue/Expense Detail

	Adopted General Fund	Adopted Other Funds	Adopted General Fund	Adopted Other Funds
	2025	2025	2026	2026
Program Expenses				
Unappropriated & Contingency	\$0	\$40,750,000	\$0	\$43,750,000
Total GF/non-GF	\$0	\$40,750,000	\$0	\$43,750,000
Program Total:	\$40,750,000		\$43,750,000	
Program FTE	0.00	0.00	0.00	0.00

Program Revenues				
Total Revenue	\$0	\$0	\$0	\$0

Explanation of Revenues

Significant Program Changes

Last Year this program was: FY 2025: 25200B PEL - Contingency and Reserves

In FY 2026, reserves and contingency total \$:
 \$26,250,000 - reserves (15% of Preschool for All tax revenue)
 \$17,500,000 - contingency (10% of Preschool for All tax revenue)