



Program #25200C - PEL - Revenue Smoothing FY 2024 Department Requested

Department: County Human Services **Program Contact:** Leslee Barnes
Program Offer Type: Administration **Program Offer Stage:** Department Requested
Related Programs: 40099B, 72052A, 72052B, 78335
Program Characteristics: One-Time-Only Request, In Target

Executive Summary

Preschool for All will give 3- and 4-year-olds in Multnomah County access to free early education. The number of children served each year will increase until publicly funded preschool is universally available in 2030. Revenue smoothing dollars are an important fiscal strategy to ensure stability and consistent service levels for the initiative as it grows.

Program Description

ISSUE: Over the full implementation of the program, revenues and expenses are aligned, but there are individual years in which expenses are expected to exceed revenues. To smooth the revenue use across the entire program implementation, revenue from surpluses in the early years will be set aside to fund slots during future years.

PROGRAM GOAL: Revenue smoothing dollars will help to ensure long-term stability and consistent service levels for Preschool for All. This will allow Preschool for All to meet its goal of universal access in 2030.

PROGRAM ACTIVITY: As Preschool for All program implementation progresses, expenditures start to outpace annual revenue. Based on current revenue and cost estimates, there will be a 10 year period during Fiscal Years 2029- 2038 when the costs are higher than the anticipated revenue. Over time, the gap between revenues and expenses narrows. In Fiscal Year 2039, projected revenue catches-up with anticipated expenses.

The money set aside during the early years of Preschool for All implementation when slot numbers remain lower will be used as “revenue smoothing” dollars to ensure that PFA can provide consistent levels of high-quality preschool experiences for Multnomah County families. The total gap between anticipated revenue and anticipated expenditures between Fiscal Year 2029 and Fiscal Year 2038 is approximately \$431 million. The gap has increased since last fiscal year due to inflation and updated cost information from the first year of implementation.

\$139 million of new revenue smoothing dollars will be added in Fiscal Year 2024. This includes \$64 million of Fiscal Year 2024 tax revenue. The additional \$75 million is tax revenue from Fiscal Year 2022 that was higher than the original revenue estimate. The Fiscal Year 2024 investment will bring the total amount of revenue smoothing dollars to \$243.5 million and help to ensure that Preschool for All can keep its commitment to voters.

Performance Measures

Measure Type	Primary Measure	FY22 Actual	FY23 Budgeted	FY23 Estimate	FY24 Offer
Output	Based on projections, program is on track to cover future expenses	N/A	Yes	Yes	Yes
Outcome		N/A	N/A	N/A	N/A

Performance Measures Descriptions

Revenue/Expense Detail

	Adopted General Fund	Adopted Other Funds	Department Requested General Fund	Department Requested Other Funds
Program Expenses	2023	2023	2024	2024
Unappropriated & Contingency	\$0	\$104,227,522	\$0	\$243,531,007
Total GF/non-GF	\$0	\$104,227,522	\$0	\$243,531,007
Program Total:	\$104,227,522		\$243,531,007	
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 2023: 25200C PEL - Revenue Smoothing