

PFA Multnomah County FY 2026 Budget Work Session Follow Up

Preschool for All May 29, 2025



Commissioner Singleton (District 2) - Please provide the slides previously presented to the Board that show the impact of indexing and never increasing the PFA tax rate.

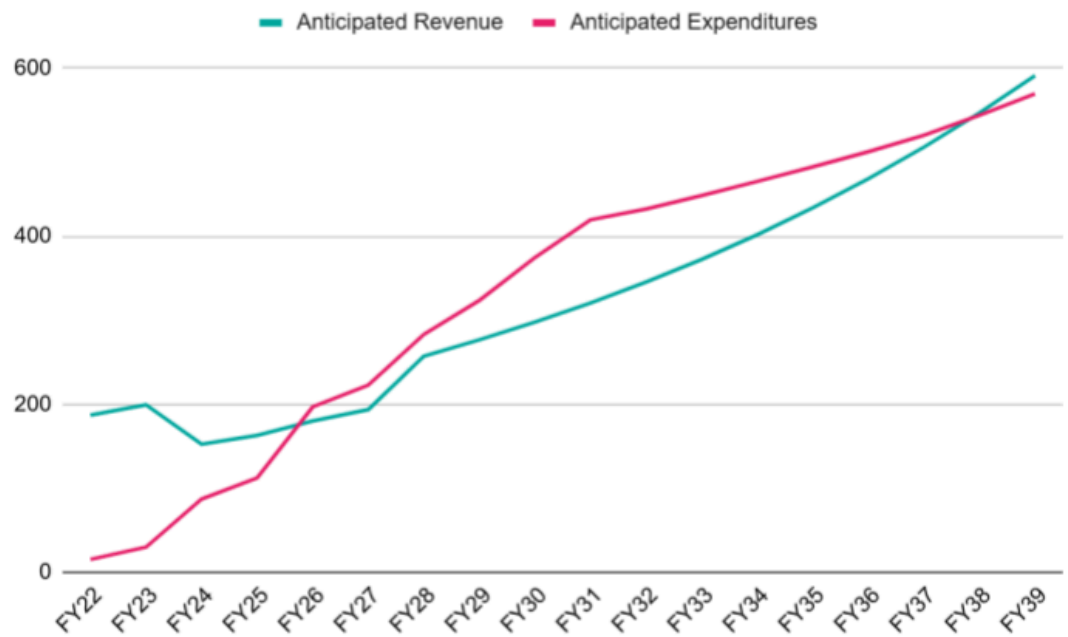
Response:

Below are the slides to the PFA financial modeling scenarios.

PFA Revenue & Expenditures

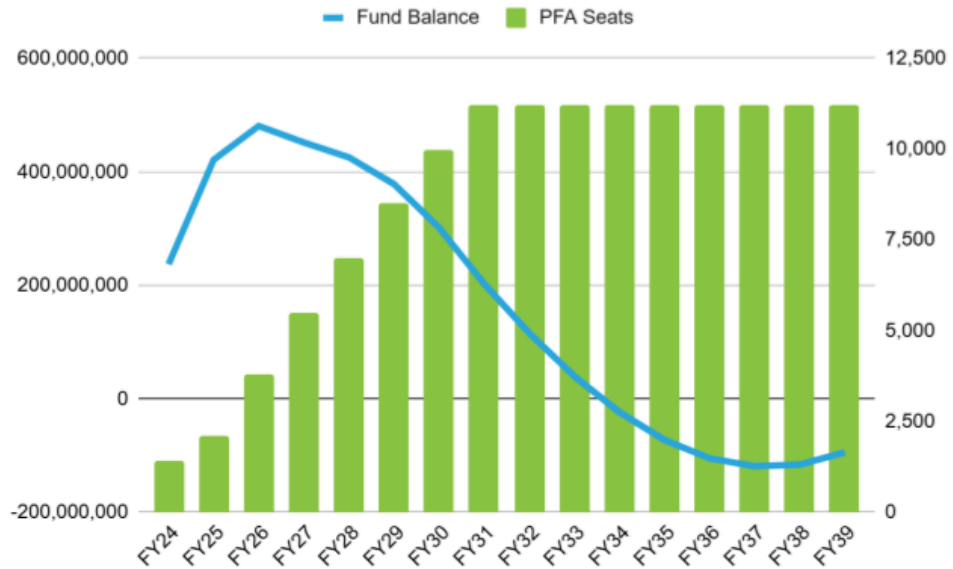
Revenues and Expenses are matched over the full implementation of the program.

Earlier surpluses are saved to offset expected future deficits.



PFA Fund Balance & Seats Funded

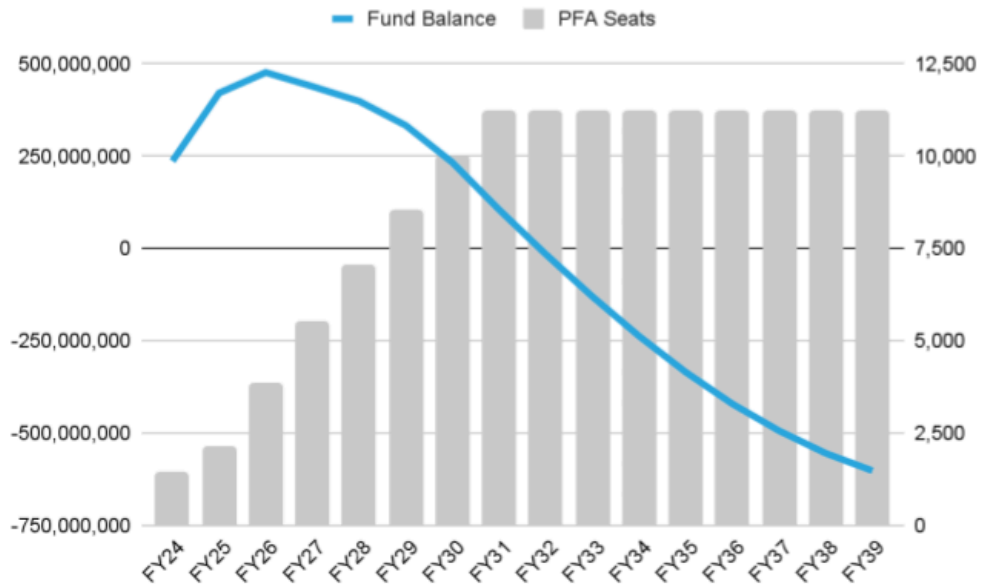
If Fund Balance remains above \$0, program is implemented as planned.



2

PFA Fund Balance & Seats Funded Indexing Scenario

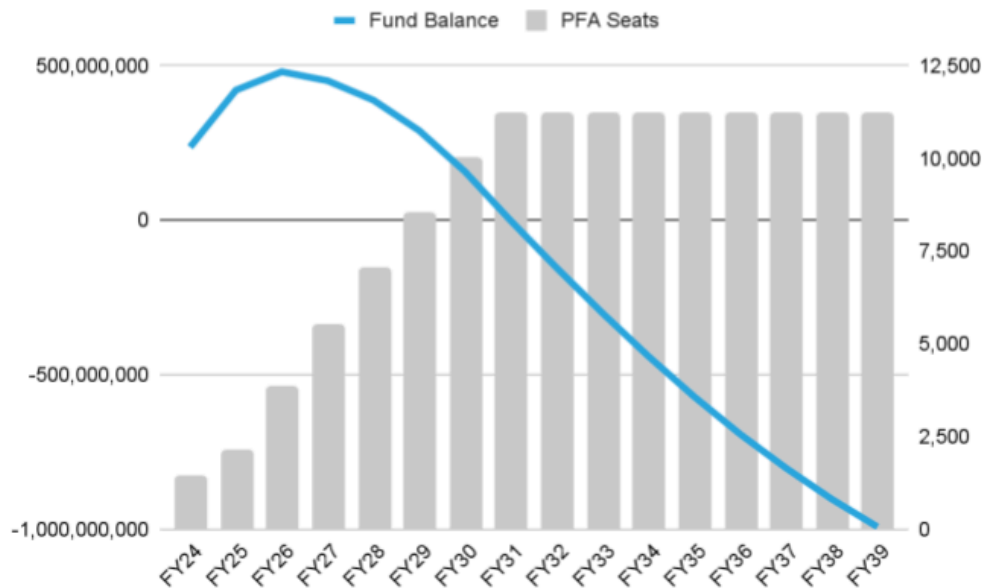
If Fund Balance remains above \$0, program is implemented as planned.



3

PFA Fund Balance & Seats Funded No Tax Increase Scenario

If Fund Balance remains above \$0, program is implemented as planned.



4

Chair Vega Pederson (Chair) - In the modeling, is the growth of Infant/Toddler Stabilization expenses proportionate to the growth in the number of PFA seats?

Response:

Infant toddler stabilization funds are not proportionate to the growth of PFA seats. These funds are the most difficult to project because each site has a different number of infant and toddler seats and the number varies widely by site. For FY 2026, the number of infant and toddler seats at PFA sites ranges from 2-76.

Based on the first three years of PFA contracting data, the projections assume that the number of infant and toddler seats is 25% of the total preschool seats for the year and that the average amount of stabilization funding per infant and toddler seat is \$8,500

in FY27. Projected cost growth rate for infant and toddler stabilization funding is set to 3%, which is lower than the 4% projected cost growth for PFA seats.

This is one of the most challenging places to project in the modeling. The percentages of infant/toddler seats each year has ranged from 28-42%. PEL will continue to track the data around this and anticipates that this amount will fluctuate in the future.

Commissioner Brim-Edwards (District 3) - Please provide additional information on Infant/Toddler Stabilization expenses and underlying assumptions in the PFA modeling.

Response:

PFA mitigates the known negative impacts of preschool expansion by providing stabilization funding to preserve infant and toddler seats. Providers use these dollars to increase the wages and benefits of educators who work with 0-3-year olds while they are simultaneously increasing the wages and benefits of their preschool educators. This supports preschool programs to be in compliance with Oregon pay equity law.

The number of infant and toddler seats at the site determines the amount of infant toddler stabilization funding that the site receives. Increasing wages and benefits for educators who care for infants and toddlers is crucial for both maintaining and expanding access to early childhood education and directly addresses the need to attract and retain early childhood educators.

Total Infant/Toddler Stabilization spending by fiscal year:

- FY23: \$1,916,250
- FY24: \$3,422,406
- FY25: \$6,256,404

Please see the response above for additional information about assumptions included in the PFA modeling about infant toddler stabilization.

Commissioner Brim-Edwards (District 3) - Please provide explanation and information on the long-term saturation rate assumptions in the PFA modeling.

Response:

We know that not all families will choose to participate in universal preschool. Some families will keep their young children at home with them and some families will continue to pay privately for preschool.

The saturation rate is how many 3 and 4 year olds are expected to participate in publicly funded preschool once it is universal. This includes all public preschool seats: Preschool for All, Oregon Pre-Natal to Kindergarten (OPK)/Head Start, and Preschool Promise. Our current saturation rate estimate is 77.5%.

This rate includes 70% of 3-year-olds and 85% of 4-year-olds. Because the difference in the number of 3-year-olds and 4-year-olds is negligible, we use a combined saturation rate of 77.5%. Previous saturation rate estimates for PFA used EcoNW's original calculations with a saturation rate of 70% of 3 year-olds and 80% of 4 year-olds for a combined total rate of 75%.

Current saturation rate estimates were developed based on a review of existing literature and examination of comparable universal preschool models across the country, especially Washington D.C., which has similar eligibility requirements to PFA.