

# Economic Benefits of Free Preschool

Multnomah County's Preschool for All Supports the Current Workforce and Attracts the High Income Earner Tax Base of the Future.

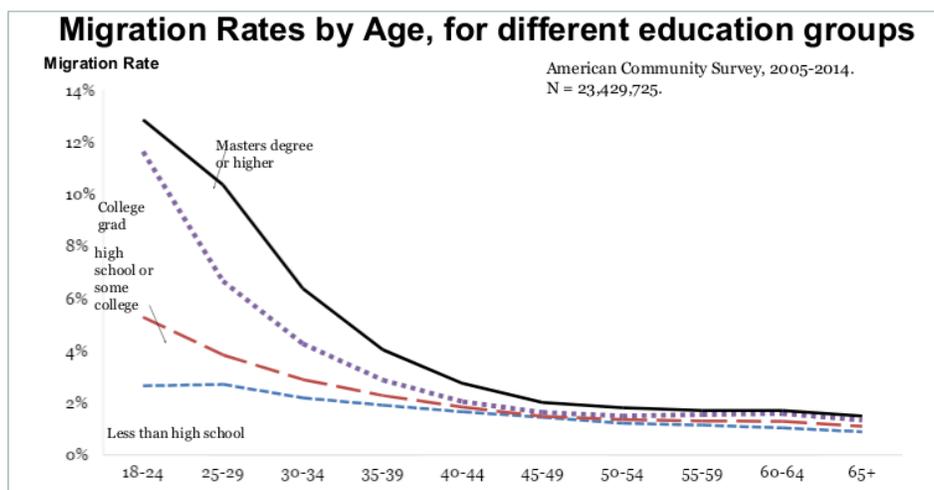
Just like transportation, child care is essential economic infrastructure for Oregon's workforce. But high child care costs come at a time when parents are at the lowest earning years of their careers. Preschool of All (PFA) maximizes two economic development strategies for Multnomah County.

First, **Preschool for All's model of universal preschool** brings the powerful economic benefits of supporting parents' employment, increasing economic growth, and educating the workforce of the future.

- Up to 10hr/day: Multnomah's program — providing up to 10 hours of preschool all year long with no out-of-pocket costs to parents — maximizes the economic benefit for families and employers. One [study](#) found that an extended-day, free universal preschool program raised parents' earnings by 21.7%, and the gains in parents' earnings persisted for at least six years as parents remained more strongly involved in the labor force.
- Living wages and benefits for teachers: Providing pay and benefit levels that are commensurate with teacher's education and experience is key to providing high-quality care and supports the financial health of the early education workforce. Further, the wages of the 1,276 PFA educators (and growing) generate local economic activity.
- Progressive tax for operating revenue: Progressive tax policy of PFA is based on migration and earning patterns of highly skilled professionals thereby creating a virtuous revenue cycle and the foundation of effective economic development for years to come.

Second, **Preschool for All attracts and retains future high income earners** at the beginning of their career when they are looking to lay down roots, launch their career, and grow a family.

- Rich people are the wrong focus for economic development. Every government wants wealthy taxpayers, but they are not mobile. A [12 year study](#) of US tax filers found the median age of an adult mover is 30 years old, but the median age of a person's highest income is 49 years old. Only 2% of taxpayers over 45 years old relocate.
- The most mobile taxpayer is at the median age of 30 years old, when they have finished their education and are looking to lay down roots. These future high earners are searching for quality of life, urban amenities, child care, good schools, and family supports. PFA makes life easier for them to accomplish their professional goals so they are the high income earners of the future.



# Independent Economic Analysis Report on Preschool for All

[ROI Summary](#)

[Full Report](#)

Commissioner Meghan Moyer commissioned a report to analyse the Fiscal Return on Investment (ROI) of Multnomah County's Preschool for All. Clive Belfield, Principal Economist at University of Pennsylvania's Center for Benefit-Cost Studies in Education found:

- The economic benefits of PFA are at least 3.1x higher than its costs. At full implementation, Multnomah County's economy would secure a net benefit of \$908m/per year.
- When parents are participating in the workforce and more productive, local businesses' benefits are conservatively estimated at \$79m.
- PFA parents are estimated to earn \$207m more by being able to work more.
- PFA children are estimated to benefit \$764m in mostly extra earnings over their lifetime.
- Taxpayers are expected to reap significant benefits via higher tax revenues and lower spending on education, health care, and the criminal justice system. These benefits offset 67% of the cost of PFA.

## Additional Economic Research on Economic Benefits of Preschool

- [Universal Pre-K as Economic Stimulus: Evidence from Nine States and Cities](#) by Kirabo Jackson, former member of President Biden's Council of Economic Advisors found that public preschool led to a 1.2% increase in labor force participation, a 1.5% increase in employment, and a 1.6% increase in hours worked, netting higher aggregate earnings. Notably, each dollar spent on UPK generated between 3 to over 20 dollars in aggregate earnings—enough that tax revenues might fully cover costs.
- [The US Chamber of Commerce](#) reported that breakdowns in childcare cause states to lose an average of \$1 billion in economic activity annually. In addition, absences and employee turnover cost employers anywhere from \$400 million to \$3 billion a year.
- [Oregon's Workforce Talent Assessment](#) found that 42.5% of businesses reported lack of child care as a challenge to employee retention. The Child Care sector was the largest labor shortage in the state due to low wages and benefits. The report implored state action because child care was essential to the functioning of Oregon's economy.
- The [Committee for Economic Development](#) estimates that the child care industry in Oregon had an economic impact of about \$2 billion, directly employing nearly 27,000 individuals and generating more than 8,000 "spillover" jobs in other industries.
- The [Federal Reserve of Chicago reports](#) that roughly 50 million of the 60 million parents living with one or more children under 18 are in the labor force and they represent about 50% of the labor force between the ages 25 and 54.
- Between [April 2022 and March 2024](#), among mothers with children under age 5 who were not employed, nearly 20% cited child care problems as their main reason for not seeking work. This was also true for 5% of fathers with children under 5. Further, 30% of mothers and 11% of fathers with children under 5 report that child care problems were the main reason they were working part-time instead of full-time.

Watch Multico Hearings on [Migration Patterns of High Income Earners](#) and [Economic Benefits of Universal Preschool](#)