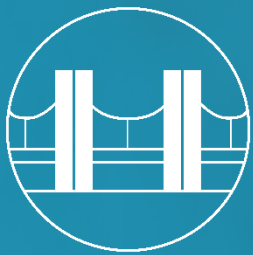


Preschool for All

The program is largely achieving its equity goals, but needs to address risks to expansion



Multnomah County Auditor's Office
Jennifer McGuirk, County Auditor
April 2025



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Report Highlights



Multnomah County
Auditor's Office

Preschool for All is largely achieving its equity goals, but needs to address risks to expansion

What We Found

Why This is Important



Program leaders need to communicate clearly about changes.

The program is undergoing change and facing criticism. Transparency can help build trust.



Preschool for All has reached many families from priority groups.

Families with the least access to preschool could benefit most from the program.



The program has supported preschools to serve diverse children, but more support is needed.

Safe, inclusive, and culturally responsive classrooms benefit all children.



Leaders need to address risks to expansion.

Slower growth means fewer families will be served. The program risks losing credibility if it does not become universal by 2030.





Background

Acknowledgement

We would like to thank the Preschool for All program staff for their participation and responsiveness to our many questions. We would also like to thank all of the other community members we talked to, including preschool providers, community partners, and participating families.

Preschool for All program staff have responded to uncertain and changing situations to build this program under public scrutiny. In recognition of that, we are thankful for the time they spent with us in this audit. In reading this report, it is important to keep in mind that this program is in its fourth year.

Background

Multnomah County voters passed the Preschool for All ballot measure in 2020

Planning for Preschool for All began in 2018 when then-Commissioner Jessica Vega Pederson convened the Preschool for All Task Force. The task force was made of community stakeholders from early learning, housing, human services, school districts, higher education, culturally specific organizations, local nonprofits, and business owners. At the time, another group, Universal Preschool Now (UP NOW), also proposed a universal preschool program. The task force and UP NOW coordinated to create a single ballot measure. Multnomah County voters passed the Preschool for All ballot measure in November 2020. Based on input from the task force, Preschool for All has a plan to guide its implementation, the Preschool for All Plan.

The plan's creators intended to address systemic problems

The Preschool for All Plan recognizes systemic issues in early childcare education and the lack of availability of childcare. These issues include the high cost of childcare and the fact that many families who can't afford childcare don't meet the income requirements for other publicly funded preschools. According to a 2020 study by the Center for the Study of Child Care Employment, preschool providers have historically been underpaid. The plan includes supports to address these systemic issues.

A study conducted by Cityhealth and the National Institute for Early Education Research reported that high-quality, accessible preschool programs can have long-term benefits for children. It noted that children who participate in preschool have lower rates of teen pregnancy and committing crime. They also have higher lifetime earnings and better health outcomes as adults than children who didn't attend preschool. Additionally, the brain development and social interactions children experience during preschool are associated with improved mental health in adulthood.

Oregon consistently ranks as one of the most expensive states in the nation for preschool, as noted in the Preschool for All Plan. The U.S. Department of Health and Human Services defines 7% of a family's income on childcare expenses as affordable. However, the percentage of a family's median income needed in Oregon to cover childcare for a toddler in 2022 was 21%. Between 2004 and 2022, childcare prices in Oregon increased at a faster rate than household incomes.

As further noted in the Preschool for All Plan, public funds have provided preschool to the lowest-income families. However, many families didn't qualify for these programs and still could not afford to pay for preschool. This means that families in Multnomah County have faced barriers to accessing preschool, especially for children who are Black, Indigenous, and People of Color (BIPOC), children who speak diverse languages, and children with disabilities.

Those who teach preschool have also faced systemic issues. Based on a 2019 report by the Center for the Study of Child Care Employment, early childhood educators are among the lowest paid educators in every state. This particularly affects women, as they

are the majority of early childhood educators. Forty percent of women in the early education field are Black, Indigenous, and/or Women of Color. As noted in a 2017 report published by the Institute for Women's Policy Research, Black women have historically been responsible but unrecognized for domestic work, including early childhood care – first while enslaved and then as an underpaid labor force after slavery ended.

The ballot measure summary noted ways that Preschool for All would support preschool access, particularly by providing six hours a day of tuition-free preschool. The summary also said that equitable access would be provided to people of color and other historically marginalized communities.

The Preschool for All Plan included supports for families, such as helping them apply. It also included support for preschool providers, such as professional development and other capacity building. The plan stated that Preschool for All will prioritize contracting with BIPOC-owned, culturally specific, and culturally relevant preschools. It also said that Preschool for All will provide a path for previous childcare business owners who would like to teach or lead other preschools.

The program has only two eligibility requirements for participants: applicants must be between three and four years old and have a parent or guardian who lives in Multnomah County. According to the plan, Preschool for All is meant to build on existing publicly funded preschools, like the federal Head Start program, not replace them. Preschool for All is designed to fill gaps in preschool access. One of the program goals is to have universal access to preschool by 2030.

The Preschool for All ballot measure created a new tax

High income earners in Multnomah County fund Preschool for All through a tax that the measure created: 1.5% tax on taxable incomes over \$125,000 for individuals and \$200,000 for joint filers. There is an additional 1.5% tax on taxable income over \$250,000 for individuals and \$400,000 for joint filers, making the tax rate 3% on the highest incomes.

Current % of income tax	Individual filers' income subject to the tax	Joint filers' income subject to the tax
1.5%	Between \$125,000 and \$250,000/year	Between \$200,000 and \$400,000/year
3.0%	Over \$250,000/year	Over \$400,000/year

The majority of county residents fall under the income limits and do not pay the tax. The tax is not indexed to inflation, so the number of residents paying the tax in the future could increase. Some people who live outside the county but work in the county may also be subject to the tax.

Under the original measure, the tax rate was scheduled to increase by 0.8% on January 1, 2026. In September 2024, the Board of County Commissioners delayed this increase to January 1, 2027. This decision was partially in response to recommendations by the Oregon governor's office to not raise taxes. The county economist explained to the Board that a one-year delay would still allow the program to be fully implemented as planned.

The Preschool for All measure included a provision for the Chair's Office to convene a technical team to make recommendations on whether an increase in the tax rate will be necessary to ensure the program is fully funded.

Preschool for All pays for preschools, county staff, and contracts

Preschool for All is a program within the Department of County Human Services' Preschool and Early Learning Division. Preschool for All funding pays preschools to serve students. It also covers program and administrative costs, and contracts for capacity building and support.

In fiscal year 2024 (FY24), the program spent about half of its money on preschool contracts, paying preschools nearly \$30 million. This supported 82 participating preschool sites with nearly 1,400 seats for children in the 2023-24 school year.

Costs covered include:

- start-up costs
- seats for Preschool for All children
- infant and toddler stabilization funds
- inclusion support funds

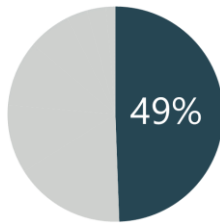
Contracts with preschool providers list the amount of money that Preschool for All will pay for preschool seats and to subsidize wages for teachers of infants and toddlers. The term “seats” refers to the enrollment space that a preschool saves for children participating in Preschool for All. The program pays providers for seats at the beginning of each month, whether a child is enrolled in the seat or not. However, usually most seats are full.

Inclusion support funds are used for materials or extra staff to help support children with disabilities. The program reimburses preschool providers for their inclusion expenses through an invoicing process. Contracts also include set amounts for start-up funds, to help providers pay for equipment and supplies needed to start a classroom.

Preschool for All either pays preschools directly or through an intermediary organization called Micro Enterprise Services of Oregon (MESO). MESO works with smaller preschool providers to help with contracting and small business assistance.

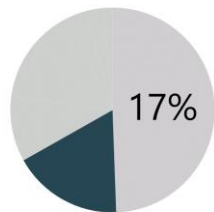
About half of spending went to preschool contracts, the rest went to other contracts, administration, and the county program

Actual spending in FY24



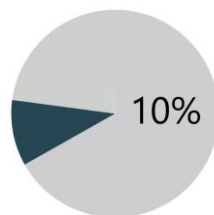
Preschool contracts

\$30 million to preschools for Preschool for All seats, infant and toddler stabilization, inclusion support funds, and start-up funds



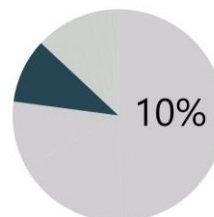
Facilities fund contract

\$10 million for grants and loans for preschools to expand or renovate



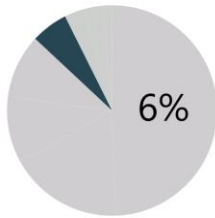
County program

\$6 million for staff in the Department of County Human Services, as well as office space, supplies, and a computer system



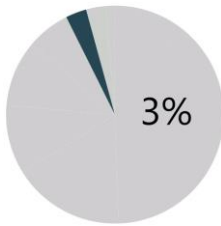
Tax administration

\$6 million for the City of Portland to collect the tax



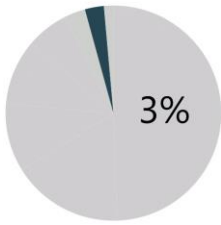
Coaching contracts

\$3 million for contracts to provide coaching to preschool teachers



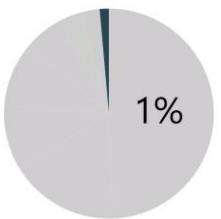
Workforce development contracts

\$2 million for contracts to recruit new preschool teachers, help current teachers increase their education, and support college students studying to be preschool teachers



County mental health team

\$2 million for a Health Department team that consults with preschools on mental health



Family connector contracts

\$1 million for culturally specific organizations to do outreach and support families as they apply for Preschool for All, and for the contract with MESO to provide intermediary services

Source: The county's financial enterprise resource planning (ERP) system, Workday. Note: All figures rounded to nearest million. Percentages may not add up to 100% due to rounding.

Preschool for All has significant cash on hand, some planned and some unplanned

The Preschool for All fund had a \$485 million balance at the end of FY24. The program was designed to save money in the early years to pay for expenses in later years.

However, the program has saved more than it planned, due to higher revenue and lower expenses than expected.

The Preschool for All model is built around saving money in the early years to cover expenses later

The county economist and program staff forecast how much Preschool for All will cost to run in future years. This forecast is intended to be used for planning and to make sure the program is able to serve all eligible children without running out of money. The economist and program staff update the forecast.

The FY25 forecast projected that expenses will be higher than revenue for eight years, from 2029 through 2036. The savings from the early years are intended to cover this shortfall. The forecast predicted that as revenue grows, it will eventually be higher than expenses again in FY37.

The forecast also planned for the program to maintain reserve and contingency funds equal to 25% of its annual budget. For example, the program dedicated a total of \$41 million for reserves and contingency for FY25. Most of this was carried over from previous years. Having reserves and contingency is important to ensure that children can be served if something unexpected happens. For example, in Denver, Colorado, the preschool program ran short of money and had to stop covering preschool costs during the summer for several years.

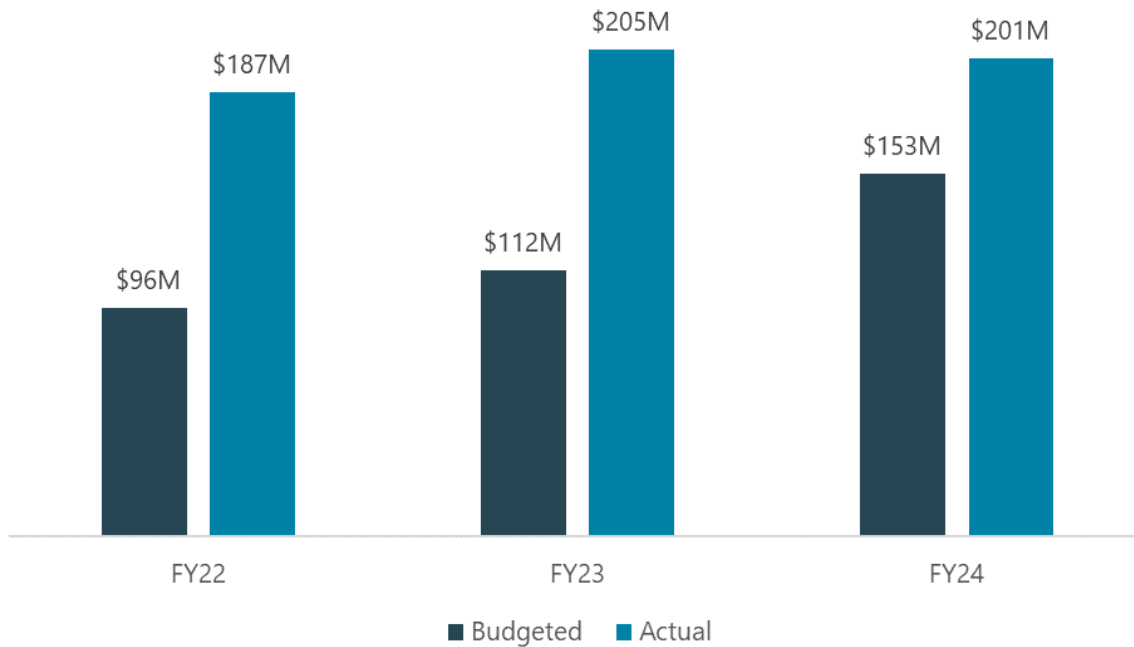
Higher revenue and lower expenses mean that the program accumulated more money than expected

In the first three years of operations, the program brought in more revenue than expected. It also consistently underspent its budget. This led to additional cash on hand.

Over the course of three years, Preschool for All brought in \$213 million more in tax collections than it budgeted. Additionally, it earned \$20 million in interest.

Actual revenue exceeded budgeted revenue by over \$230 million in three years

The gap was largest in the first two years

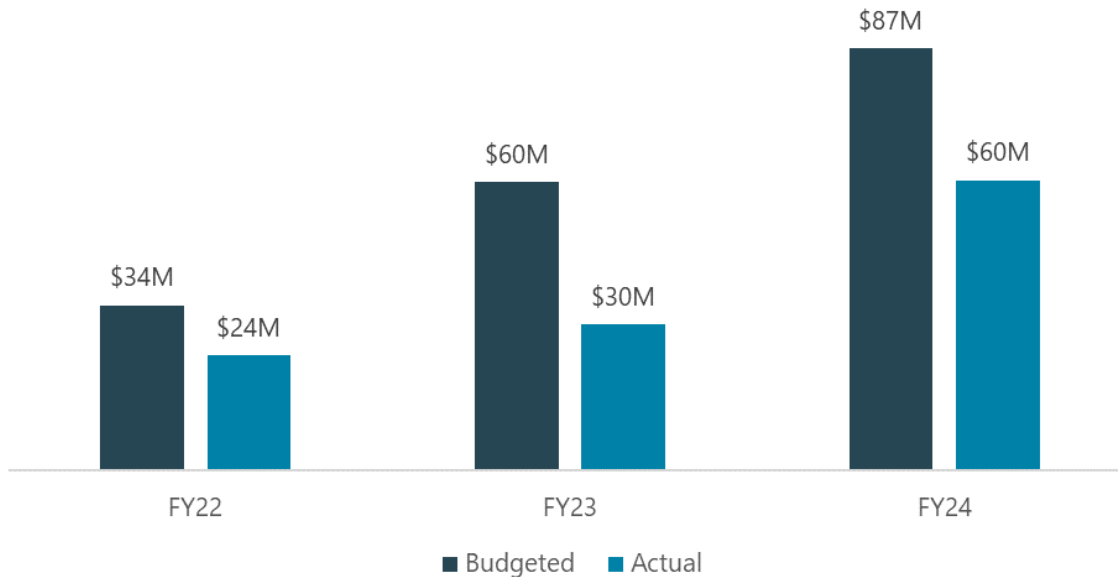


Source: Workday.

Over the same three years, the program underspent its budget by a total of \$67 million. Combined, this resulted in Preschool for All accumulating \$300 million more than forecasted.

Actual expenses were about \$67 million under budget over three years

The gap was smaller in the first year when the budget was smaller



Source: Workday.

The program is underspending in capacity building, preschool contracts, and coaching program areas

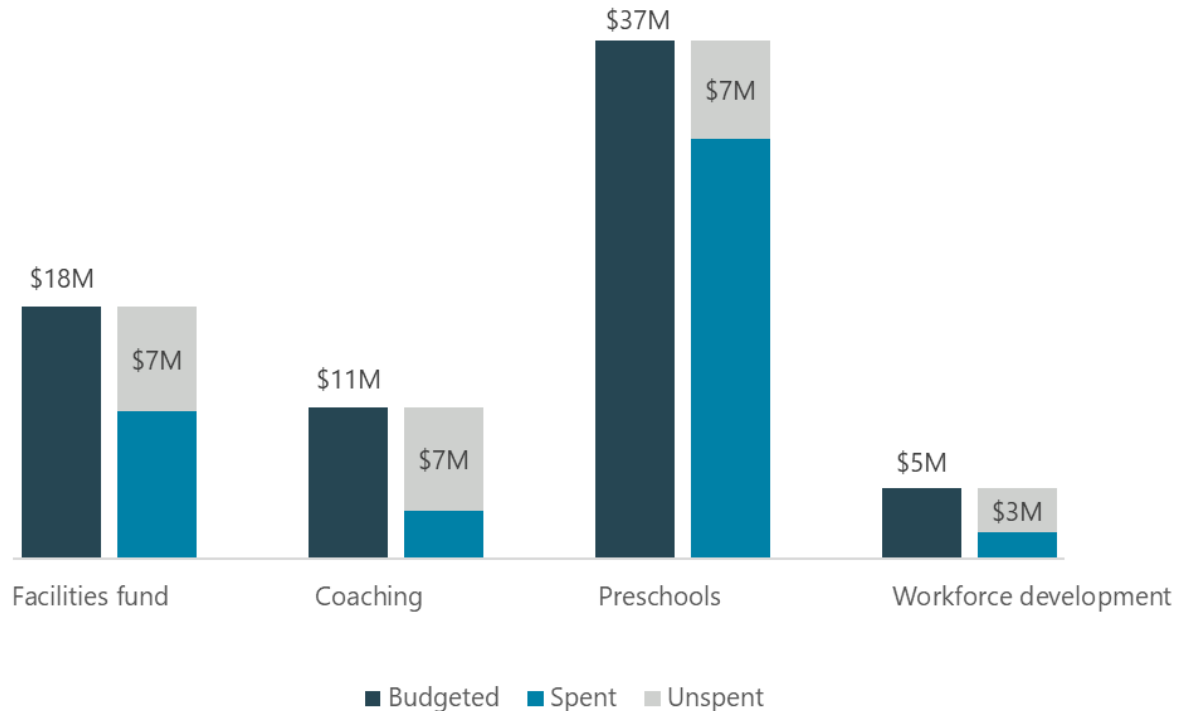
Most of the underspending is happening in the capacity building (workforce development and facilities expansion) and coaching areas of the program. The program is also spending less in payments to preschools than what it had planned.

In FY24, Preschool for All only spent about a third of what it had budgeted for coaching (32%) and workforce development programs (37%). The program spent 59% of what it had budgeted for the facilities fund.

The program spent most (81%) of what it had budgeted to pay preschools for their Preschool for All seats, infant and toddler stabilization, start up, and inclusion support funds. However, since payments to preschools are a larger budget item to begin with, the underspending in that area was still large at \$7 million.

The program underspent its budget in several areas

Amount that was **unspent** of the FY24 budgeted expenses by program area



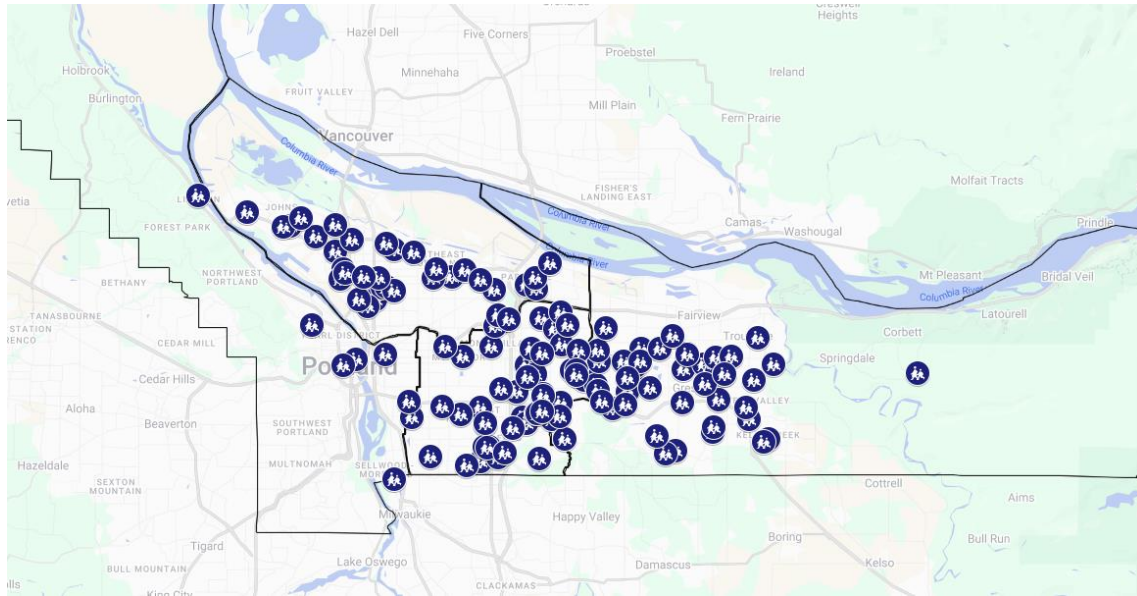
Source: Workday. Notes: Preschools includes payments for Preschool for All seats, infant and toddler stabilization funds, and inclusion support funds. Rounded to nearest million.

Preschool for All serves around 2,000 children at over 100 preschool sites

As of November 2024, Preschool for All served nearly 2,000 children, across 122 preschool sites. The preschools are located in a mix of homes, centers, and schools. The program also added 11 sites in the middle of the school year, for a total of 133 preschool sites. Sites are across Multnomah County, but are concentrated more on the east and north sides of the county. These areas have higher poverty rates than other parts of the county.

Preschool for All sites are located across the county, but are more concentrated in some areas

Map of participating preschools for the 2024-25 school year



Source: Image created by Auditor's Office using google maps, based on a list of preschools from Preschool for All. Includes sites added mid-year and commissioner district boundaries.



**Program leaders need
to communicate clearly
about changes**

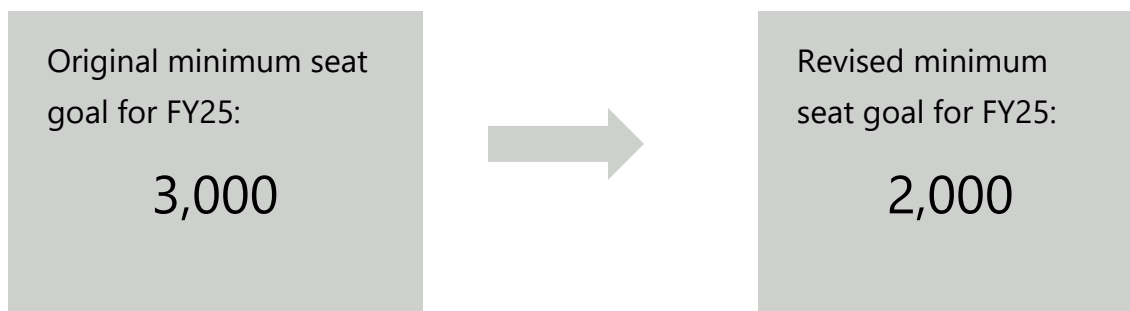
Program leaders need to communicate clearly about changes

As the county created and implemented the program, it made changes from the original plan and the ballot measure summary. Changes in implementation may be justifiable. However, we found that program leaders have not always communicated proactively about these changes to the public and the Board of County Commissioners.

Preschool for All is a relatively new program, undergoing changes, and has received a lot of scrutiny in the media. Communicating accurate information is important for achieving a program's objectives. Better transparency, about both successes and challenges, could improve the public's trust of this program and help people understand how it is being implemented.

Program leaders revised the program's goals

The Preschool for All Plan contained annual goals for the number of Preschool for All seats each year. Program leaders told us that they revised the goals downward in 2022 because a lot of preschool providers had closed during the pandemic. For example, they changed the FY25 minimum goal from 3,000 seats to 2,000 seats. If Preschool for All only meets the revised, lower goals, it would result in fewer families being served each year until FY30.



Program leaders did not communicate clearly or proactively about the changes initially. Communications highlighted that they were meeting their goals, without being clear that the goals were revised. This lack of clear communication risked reducing public trust.

Program leaders changed the definitions of priority groups

The Preschool for All Plan said that the Preschool for All program will prioritize children with the least access to preschool. As county staff implemented the program, the list of priority groups changed.

Program leaders told us that the reason they changed the groups was to keep the application simple, accessible, and trauma-informed. By adjusting the priority groups, Preschool for All could ask fewer questions and not have to ask for as much sensitive information on the application. Program staff hoped this would reduce barriers in the application process that might prevent families from applying, especially for families from historically marginalized groups.

The plan listed the following priority groups:	The Preschool for All application website listed the following priority groups: <i>Note: the program removed the list from its website for the 2025-26 school year</i>
Black, Brown, Indigenous, and all Children of Color	Black, Brown, Native American Indigenous, and all Children of Color
Migrant and refugee children	
Children who speak languages other than English	Children who speak languages other than English

The plan listed the following priority groups:	The Preschool for All application website listed the following priority groups: <i>Note: the program removed the list from its website for the 2025-26 school year</i>
Children with developmental delays and disabilities	Children with developmental delays and disabilities
Children of teen parents, or in military families	
Children living in foster care	Children living in or at risk of placement in foster care
	Children from families experiencing low incomes
Children from families affected by homelessness, incarceration, substance abuse, mental health issues, and domestic violence	Children experiencing homelessness

With the changes, Preschool for All removed migrant and refugee children, children of teen parents or in military families, and children from families affected by incarceration, substance abuse, mental health issues, and domestic violence from the priority groups. The changes added children from families experiencing low incomes.

Since priority is a factor in the application process, these changes could affect which families get into the program. Though the list changed, program staff told us they intend to outreach to all priority groups, including those in the original list.

While Preschool for All intended that the new list of priority groups would match the application process, it did not entirely do so. Under guidance from the County Attorney's Office, the program does not prioritize applications based on race and ethnicity. Up until recently, the program publicly listed that Black, Brown, Native American Indigenous, and all Children of Color would be prioritized. This could have been confusing for families who thought they had a priority but did not get into the program. The program also added "children at risk of placement in foster care" to the new list, but the application does not have a way to identify this group.

The program pays for longer preschool hours than what was originally communicated

The Preschool for All program covers longer preschool hours for families than the county originally communicated. Program staff told us that having consistent hours for all families was easier to implement. Program staff also said that the longer hours help eliminate barriers for working families to participate.

The Preschool for All Plan, ballot measure summary in the voter's pamphlet, and county code all state that the Preschool for All program will pay for up to six hours of preschool a day for all families and up to four additional hours a day for families with lower incomes.

In practice, the program is paying for up to 10 hours of preschool for every participating family, regardless of income.

The one exception is when families voluntarily select to participate in a school-day program that has six-hour days.

The County Attorney's office wrote a memo stating it is within the program's legal ability to change their approach.

See **Appendix A** for a memo from our office to the Multnomah County Chair raising this issue.

See **Appendix B** for a memo from the County Attorney's Office to the Department of County Human Services Director stating that the current practice complies with the county code.

The plan, ballot measure summary, and county code also say that the program will provide both full-day and half-day preschool options. Currently, the program provides 10 hour full-day and six-hour school-day options.

While these changes may comply with county code, they are not what the county communicated to the public in the ballot measure summary or the plan. As an issue of transparency, program leaders are missing an opportunity to explain to the public why Preschool for All is paying for longer hours than what was originally communicated.

Additionally, some County Commissioners have raised concerns about services in the program that were not included in the ballot measure summary or in the county code. Voters may not have realized they were voting to pay for services beyond preschool.

The Preschool for All program funds new facilities and renovations, as well as subsidizes infant and toddler teacher salaries. The Preschool for All Plan identified these as needed strategies to grow and stabilize the number of childcare providers. Infant and toddler care is scarcer than preschool. Program staff told us that subsidizing infant and toddler teacher salaries is necessary so that early learning providers do not switch to only offering preschool and are able to follow pay equity laws.



**Preschool for All has
reached many families
from priority groups**

Preschool for All has reached many families from priority groups

One of the main goals of Preschool for All is to provide access to preschool for families who have had the least access. The implementation plan notes significant disparities in children's access to high-quality preschool programs in Multnomah County. The program prioritizes children in Multnomah County who have had the least access to quality, affordable preschool.

Preschool for All is effectively prioritizing families in its application process, based on its current priority groups and families' application responses. However, there are some barriers in the process that prevent complete prioritization.

The application process is intended to be simple, which can make it easier for families to apply. Preschool for All includes funding for outreach to families from priority groups to recruit them to the program and help them complete the application. However, outreach could be more focused. Finally, the no expulsion policy further supports access.

Based on interviews with participating families who have been able to get into the program, they appreciate it.

Preschool for All appears to be effectively prioritizing families in its application process based on current priority groups

Overall, Preschool for All appears to be effectively prioritizing families based on its current priority groups. (See the previous section of this report for information on how these priority groups have changed.) The Preschool for All Plan says that these groups have historically had the least access to preschool due to systemic inequities. Families and children from these communities are likely to benefit the most from access to free, inclusive, and culturally responsive preschool, which can help address inequities.

Applications are weighted based on the following priorities:

Priority group:	How it is calculated:	Weight:
Children from families experiencing low incomes	350% or less of federal poverty limit, based on income and family size <i>For example, in FY25, a family of three had to have an income below \$90,370</i>	50 points
Children experiencing homelessness	Check box that family is experiencing homelessness or living in temporary housing, motel, or shelter	30 points
Children living in or at risk of placement in foster care	Check box that foster parent is the primary guardian	30 points
Children who speak languages other than English	Language selected that child speaks at home, any language besides English <i>For example, Spanish or Somali</i> <i>Includes African American Vernacular English and nonspeaking/nonverbal</i>	10 points
Children with developmental delays and disabilities	Check box that child has any developmental delays and disabilities	10 points

Preschool for All reports that preschools verify documentation for eligibility: that the child is three or four and lives in Multnomah County. However, the program does not

verify documentation supporting answers on the application that it uses for prioritization. It instead asks families to sign that they filled out the application accurately.

Preschool for All uses an automated matching process to determine which students get priority. The matching process uses a combination of children's priority scores and preschool choices. Preschool for All worked with a vendor to set up the matching process via computer software. When there are ties, the computer software generates random numbers to determine which children will get in.

Decisions about the weighting levels and which groups are prioritized affect which children can get into the program. Currently, income has the highest weight. The affordability of preschool is a big barrier to access. Additionally, families with other priority factors that are not weighted in the application process may also have lower incomes. The income priority could help those families get into the program. For example, a higher proportion of BIPOC applicants had lower incomes than White applicants. Even though the program does not prioritize based on race, lower income BIPOC families could get priority based on income.

However, income's high weight could make it harder for children with multiple other priorities to get in, if they did not have an income priority. For example, a child from a family whose income is just under the threshold with no other priorities could get in ahead of a child with a disability and who speaks a language other than English, but whose family's income is just over the threshold.

The program recognizes this as an issue for foster families, since some foster parents may have higher incomes and would not get the income priority. Preschool for All staff report that in future years, children in foster care will automatically get an income priority, regardless of the foster parent's income, in addition to the foster care priority. The implementation of this step within the computer software was delayed because of an issue with the vendor. Children with two other priorities, but not income, will still have a lower priority weighting than income alone.

Families from priority groups are represented in who is applying, who is offered a seat, and who ends up enrolling

So far, Preschool for All has been successful at enrolling children from its current priority groups, according to families' applications. It has also reached many families from its current priority groups to apply to the program. However, Preschool for All was slightly less effective with prioritization in the most recent school year, 2024-25.

The majority of applicants and enrollees appear to be in priority groups

Percent of applications, offers, and enrollments with at least one priority indicated on their application

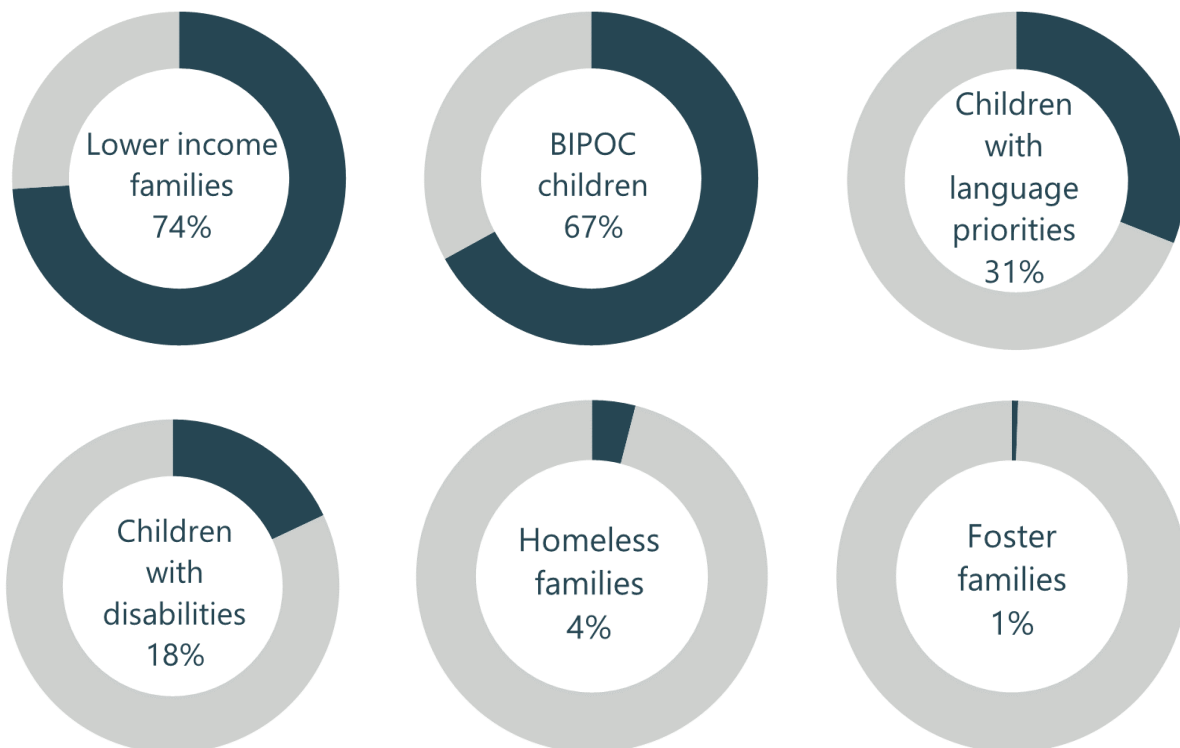


Source: Auditor analysis of data provided by Preschool for All from the MVP and BridgeCare data systems, based on families' application responses. Note: Does not include returning children or ineligible applications. It does include applications, offers, and enrollments made mid-year. It also includes children who enrolled for the school year but did not stay the whole year.

The majority of children enrolling in Preschool for All appear to belong to one or more of Preschool for All's current priority groups. In the first two years of the program, around 90% of children who enrolled had at least one priority and over half had at least two priorities, based on applications. In 2024-25, that dropped to about 75% for at least one priority and 40% for at least two priorities. The applicant pool in 2024-25 also had a lower proportion of children whose application indicated at least one priority.

The majority of children in Preschool for All are BIPOC and from families with lower incomes

Percent of enrollments from each priority group in 2024-25 school year, based on applications



Source: Auditor analysis of data provided by Preschool for All from the MVP and BridgeCare data systems, based on families' application responses. Note: BIPOC children do not get a priority on their application, but until recently were still listed as a priority group on Preschool for All's website. Includes children who enrolled mid-year, children in their second year, and children who had enrolled but did not stay the whole year.

Even with the decrease in prioritization for the 2024-25 school year, the program is still mostly successful at reaching current priority groups, particularly lower income families. The proportion of enrolled families that indicated on their applications that their children are lower income, BIPOC, and speak languages other than English are all higher than the proportion of those groups in the county over all, according to census data.

There are also two preschool providers with application and enrollment processes outside of the Preschool for All system: Kairos PDX and Portland Public Schools. Kairos PDX is a school focused on eliminating racial achievement and opportunity gaps. Portland Public Schools' preschools have priority groups that are very similar to Preschool for All.

Since both providers have their own enrollment processes, they do not have to follow Preschool for All's priority ranking. Preschool for All staff said that they allowed this exception because these providers were already focused on Preschool for All's current priority groups.

We looked at data from these two providers to see if they were aligned with serving Preschool for All's priority groups. According to the reports for Portland Public Schools, 81% of the children currently enrolled were from at least one of the priority groups used in the Preschool for All application process. According to the reports, over 60% of children enrolled in Preschool for All at Portland Public Schools identify as BIPOC.

Kairos PDX reports its income data differently and it is not possible to determine how many students at that site would have had priorities under Preschool for All's application criteria. According to the reports, over 90% of the children enrolled in Preschool for All at Kairos PDX identify as African, Black, or African American, and 100% identify as BIPOC.

The application structure has barriers to prioritization

Most of the time, families with higher priority weighting got into the program and those with lower priority weighting did not. However, there were some exceptions. Of the 3,230 new applicants in the 2024-25 school year, 423 applicants (13%) had no priorities according to their application responses and were offered a spot in the program. At the

same time, 537 applicants (17%) had one priority and did not get an offer, and 174 applicants (5%) had two or more priorities, according to their application responses, and did not get an offer.

There are several factors that affect the prioritization process:

- family choice
- continuity of care
- multiple enrollment periods

Family choice

Families can select and rank up to six preschools on their applications and the computer software will offer them the top choice that is available. The process takes into account family choice, priority weighting and, in the case of ties, random numbers. When choices are not available, families are put on a waitlist.

5%

of applicants had no priorities and got into Preschool for All by applying at less popular preschools

Preschool for All will not place families in locations they have not selected. Having choices can allow families to select programs that work for them. However, when families are applying, they do not know how many seats are available at each preschool or which preschools are more popular and thus more competitive.

Overall, in the 2024-25 school year, 5% of applicants had no priorities and got in to Preschool for All because they applied to less popular preschools.

Continuity of care and other factors that decrease availability

Preschool for All has a policy that allows children who are already enrolled at a site to be prioritized for a Preschool for All seat at the same site, ahead of other applicants. This includes children who are continuing from toddler care or are already enrolled in preschool care but not in Preschool for All. In the 2024-25 school year, 8% of applicants had no priorities and got in by continuing at their current location.

8%

of applicants had no priorities and got into Preschool for All by continuing at their current location

This policy provides stability for children and families.

However, at some sites most seats are taken by children with a continuity of care priority. This can mean that continuing children with a lower priority weighting get in ahead of children with a higher priority weighting.

Preschool for All is changing this policy for the next school year to reduce the percentage of seats that can be saved for continuing students at school-based and center-based preschools to half of all open seats. Home-based schools will still be able to have unlimited continuity of care seats. Preschool sites may also have unlimited continuity of care seats in their first year of participation in Preschool for All.

Limiting continuity of care will likely help with the equity of placements. However, it could add uncertainty for families if they don't know whether they will get to continue at their current location.

There are other processes that limit availability. The total number of available seats at the preschool could be small to begin with. Many of those seats can be saved for children returning for their second year of Preschool for All. Additionally, siblings can sometimes get priorities to stay together at the same preschool.

Limited availability at specific sites can combine with family choice to further limit access. Some applicants were unable to get into the program at all because the

locations they selected on their application had little availability. The few seats that were available at those locations went to applicants with equal or higher priorities.

For example, one applicant whose application indicated both income and disability priorities selected six possible schools and was waitlisted for all of them. In this case, all but one school had limited availability due to a small number of starting seats, seats saved for returning Preschool for All children, or seats saved for continuity of care children.

Across the six preschools that this applicant selected, there were 26 truly available seats. They all went to other children with the same or higher level of priority. In this example, most of the choices were home-based preschools, so would not be affected by the new continuity of care policy.

Example showing limited availability at an applicant's selected schools

There were only 26 available seats across six preschools, in this example





Source: Auditor analysis of data provided by Preschool for All from the BridgeCare data system.

Multiple enrollment periods

The application for Preschool for All opens up in the spring before the upcoming school year. It is open for a set period and then it closes. Once it is closed, program staff run the computer software to calculate all the priorities and choices. Based on those results, initial offers are made to families. For the last two years, the program has also reopened the application period from about July through January.

This gives people who missed the first window an opportunity to apply. However, since most seats were already given away, those who missed the first application window are less likely to get a seat.

Families who applied later were a little more likely to be from priority groups, according to their applications. As of November 2024, 867 families applied after the initial period

for the 2024-25 school year. Seventy-eight percent of the later applicants had at least one priority weighting (compared with 68% in the initial period).

When later applicants were able to enroll, they were also more likely to be from priority groups, according to their applications, than those who enrolled in the first round. Since most children with a continuity of care priority had already received a placement, the continuity of care policy had less influence on mid-year placements. This could have contributed to the ability to enroll more children from priority groups mid-year.

Re-opening the application period has helped the program enroll more families from priority groups. However, it also shows a potential need for more outreach, since hundreds of families from priority groups missed the initial application and missed out on enrollment.

Preschool for All helps families in many priority groups apply to preschool

Preschool for All's application is intended to be easy for families to apply to the program. There is one centralized application without a lot of questions. We interviewed a few parents and they shared that their experience with the application and enrollment process was easy. If families need additional help with applying, Preschool for All funds culturally specific organizations to help families through the process. These organizations also reach out to and recruit families from priority groups to apply to the program.

Preschool for All contracts with four culturally specific organizations to serve as family connector organizations: Immigrant & Refugee Community Organization (IRCO), Native American Youth and Family Center (NAYA), Self-Enhancement, Inc., and Latino Network.

These organizations have been contracted to use community, cultural, and linguistic expertise to outreach and recruit diverse families to apply for Preschool for All.

Preschool for All leadership told us that working with these organizations ensures that

the priority groups hear about Preschool for All from a trusted source within their community.

According to their contracts, family connector organizations support families by making them aware of Preschool for All, helping them think through their preschool choices, answering questions about the application process, and completing the application.

We conducted a few interviews with families and reviewed focus group analysis from Preschool for All's external evaluator. A couple families we interviewed specifically noted appreciation for the help of family connector organizations. However, as noted by the external evaluator and through our interviews, opportunities exist to connect with more families.

There are opportunities for more focused outreach based on priority groups

The role of a family connector organization is to conduct outreach that focuses on families who currently have the least access to preschool. The family connector organizations' contracts for the first year of operation listed the same priority groups listed in the Preschool for All Plan, with the addition of families experiencing low incomes. However, updated contracts use the revised list of priority groups used in the application process, which does not include some of the priority groups listed in the plan. The groups left off the revised list are:

- migrant and refugee children
- teen parents
- military families
- families who are affected by incarceration, substance abuse disorder, mental health diagnoses, or domestic violence

This discrepancy in priority groups may create a lack of clarity for family connector organizations in who to outreach to, which means some priority groups might not receive focused outreach from family connector organizations. Preschool for All

leadership told us that while the priority list was simplified, reaching the groups left out of the revised list continues to be a priority. They noted that some of the family connector organizations have programs that engage some of the priority groups left out of their contracts.

Preschool for All leadership also told us that they conduct additional outreach by coordinating with the Oregon Department of Human Services and organizations who serve these communities. Preschool for All shares information about their program so that the agencies can share the information with their clients.

While this is a good initial step, priority groups should have more focused outreach. Focused outreach means taking into account the unique needs of a group of people. Without it, it's more likely that some groups may not receive support. In order to grow the program in a way that is truly universal, Preschool for All will need to scale up their outreach and develop more focused outreach strategies to priority groups that don't currently have them.

Once in the program, families state they have benefited

The parents we spoke with had primarily positive things to say about their experiences with the program. They talked about how having their child in Preschool for All has given them the capacity to take care of themselves. For example, one parent described going back to school and how having her child in preschool helps her accomplish what she needs to do without extra pressure. Because her child was in Preschool for All, she didn't have to struggle to find or pay for childcare. Parents also talked about the importance of preparing their children for elementary school and the positive impact they've seen preschool have on their child.

In the focus groups held by Preschool for All's external evaluator, families said that two of the main reasons for enrolling in Preschool for All were so their child could develop speech skills and have the chance to socialize with other children. Parents we spoke with who have children with disabilities talked about the positive impact being in preschool has had on their children in these areas. One family saw their child's communication

improve. Another family talked about how their child's presence in preschool helps other children understand disability. If Preschool for All could improve outreach to all the priority groups, additional families could benefit like participating families have.

The no expulsion rule addresses disparities to participating in preschool

Preschool for All's no expulsion rule helps families participate without fear of expulsions. According to a joint statement by the National Association for the Education of Young Children and over 30 other organizations, expulsions disproportionately impact children of color and children with disabilities. A no expulsion rule is important because there are severe racial disparities in data on expulsions in early childhood education in the United States. For example, African American children are expelled three times more often than their peers in K-12 education. The no-expulsion rule can support Black, Indigenous, and Children of Color, and/or children with disabilities to participate in preschool.

Ensuring all children participating in Preschool for All can stay in school helps to prevent unnecessarily painful and difficult experiences for children and families. For example, one parent we spoke with talked about a negative previous experience trying to get care for their child through a different preschool program. The child was accepted but was later told that the school couldn't serve their child because the teachers weren't comfortable having the child there. The parent described it as awful and traumatic.

The no expulsion rule can also be challenging for some preschool providers. The next section talks about the supports that Preschool for All offers to providers to help them maintain this rule.



Preschool for All has supported preschools to serve diverse children, but could provide more support

Preschool for All has supported preschools to serve diverse children, but could provide more support

Preschool for All is prioritizing children who are racially, ethnically, and linguistically diverse. Some children in the program have disabilities. Some children are in foster care or are experiencing homelessness. Program staff told us they designed the program to be in compliance with the American with Disabilities Act. The program needs to know that preschool providers are prepared to offer inclusive and culturally responsive care so all children are served well and are not harmed.

The program has created a number of supports for providers. These supports include individualized coaching and, starting in the 2023-24 school year, more training opportunities. An inclusion team was created along with inclusion support funds to support providers and children. The program should continue to develop its training program to help ensure that providers can serve children in a way that supports a child's specific needs and backgrounds. This could benefit all children in the classroom.

Preschool for All needs to provide more support to providers serving children from priority groups

Program management told us that while Preschool for All did not offer training for the 2022-23 school year, the program began to develop and offer trainings for providers in its second year of operation, such as trainings on culturally responsive teaching practices and working with challenging behaviors.

Program staff used feedback from providers to develop the trainings. They have expanded training opportunities for providers based on what they assessed providers needed and on provider input. The benefit of this approach is that trainings can be developed based on provider feedback. Unfortunately, providers in the first year of the program didn't have access to these trainings, even though they needed them.

Preschool for All programs must be licensed with the State of Oregon. Unlicensed school districts and charter schools must demonstrate compliance with health and safety measures. Providers are required to adhere to state teaching requirements.

Preschool for All requires providers to take provider orientation trainings and trainings on how to use the provider portal. It also requires providers to participate in trainings on how to conduct an assessment of the quality of care at their preschool. Other trainings are optional. The optional trainings include titles like:

- Trauma response strategies for early childhood
- Nurturing responsive relationships
- Examining attitudes about challenging behaviors, building positive relationships
- Language and literacy
- Fostering success: challenging behaviors in early childhood special education
- Inclusion 101

While these trainings are a good start, Preschool for All should continue to develop and offer additional trainings to providers, especially trainings that focus on topics such as understanding personal bias, cultural responsiveness, and working with children with disabilities.

The coaching team assisted providers but lacked specialization in serving children with disabilities

Based on the program's guide to providers, coaching is provided to preschool providers to support their professional growth and achieving program-wide goals. Most coaching services are provided through Mt. Hood Community College Care Resource and Referral or through the Multnomah Education Service District. While Preschool for All requires providers to participate in coaching, larger preschools and school district partners that have their own coaching programs have the option to work with a coach through Preschool for All. Coaching is also offered to providers who participate in Preschool for All's Pathways program, which helps providers get ready to participate in Preschool for All.

The program's guide to providers indicates that coaches will visit programs at least once a month for an in-person meeting or for observation and feedback. They can connect with preschool providers more frequently as needed, based on coaching goals and the needs of the preschool provider.

Coaches support providers by:

- Suggesting curriculum additions to make instruction more relevant
- Supporting partnership and relationship with families
- Helping teachers set goals and priorities
- Providing feedback after observation
- Helping incorporate new practices into the preschool

Coaching is customized to meet the needs of individual providers. We spoke with the director of the coaching program at Mt. Hood Community College's Child Care Resource and Referral program. They described how they pair coaches with providers by considering culture, language, location, and individual needs. They said that while their coaching team included coaches who speak languages other than English, it did not have coaches who specialized in working with children with disabilities. They noted it can be challenging to find coaches who speak languages other than English and have experience working with children with disabilities. We heard in interviews with staff that some providers were new to working with children with disabilities and need more support in working with them.

The program conducted a survey to better understand how coaching was going for preschool providers. Providers noted appreciation for professional development resources coaches provided, such as professional development opportunities, books, and help with teacher credentialing steps. They also appreciated help thinking through challenges, such as talking with parents and addressing behavioral concerns.



We heard concerns that providers need more support to teach children with disabilities

When we interviewed program staff, they noted that some providers were concerned about being ready to support children with disabilities in Preschool for All seats. Providers have seen a higher number of children from the priority groups in their preschools than before they participated in Preschool for All. They did not have a lot of time to plan for how to support the unique needs of their students. This is because the application does not ask what kind of disability a child might have. Also, providers don't necessarily know ahead of time if a child has a disability because some children aren't diagnosed until they are in school.

Once a child has been identified as potentially having a disability, the Multnomah Early Childhood Program (MECP), administered through the David Douglas School District, works with families and providers to determine eligibility and develop a plan to help the child in accessing relevant services and support. While students are waiting to be assessed and receive additional support, program staff let us know that the inclusion team is available to support providers with inclusion interventions for all students. Providers can also let the inclusion team know a child is waiting for an assessment and request additional support from the inclusion team.

Program staff described situations where a large number of Preschool for All seats in a preschool were filled by children with disabilities. For example, in one classroom with 18 children, there were 13 students receiving special education services. While individualized family service plans (this is a plan a family develops with MECP to outline the supports and services a child with disabilities will use) vary in terms of the level of support needed, there is the risk that a classroom could have a large number of children with these plans who require a high level of support. This would be a lot for an experienced provider, but especially for providers who don't have a lot of experience working with children with disabilities.

Program staff said that situations like this occurred because offers are based on family choice and priority weighting and because Preschool for All prioritizes serving children with disabilities. Preschool for All has responded to this by creating an inclusion team

along with inclusion support funds. Preschool for All also works with the county's behavioral health division to provide assessment and referrals for children in preschool. It took a while for implementation of these supports to ramp up. It will take time to see if they are sufficient.

The inclusion team and funds have been helpful so far

For FY23, the program created inclusion support funds to support providers. These funds can be used to increase providers' ability to help children with disabilities participate in regular classroom activities with their fellow students. Providers can use these funds to purchase resources such as supplies, training, consultations, and specialized support staff. For example, preschool providers can use inclusion support funds to purchase sensory toys for students. Funds can also be used to provide an extra staff person if a classroom has four or more children with disabilities, or if the classroom has more than a third of children with disabilities.

The inclusion team supports preschools in accessing inclusion support funds and supports children with disabilities. This support includes helping children and families understand the individualized family services plans.

Members of the inclusion team can coordinate regular meetings with providers at the provider's request or if program staff think it would be helpful. They also coordinate with the provider's coaching team and program specialist. One provider told us that the only way they can serve the children they are enrolling through Preschool for All is because of the inclusion support funds. However, they cannot not use the inclusion fund to cover costs for translation and interpretation services.

Providers needed more flexibility in accessing funds for translation and interpretation

We heard that serving children with different backgrounds from them can be new for some providers. There are a large variety of languages among Preschool for All families.

For example, applicants for the 2024-25 school year spoke over 39 different languages. Translation and interpretation services are sometimes needed so providers can communicate with families.

The county allowed providers to use Preschool for All funds to pay for translation documents if providers use funds that are specifically for start-up purposes, such as printing school handbooks. Only being able to use startup funds means participating preschools couldn't develop new or additional translation documents if they need them to communicate after their program is up and running. For example, a preschool might have a new student mid-year who speaks a language that the handbook was not already in, and the preschool needed to translate the handbook.

In December 2024, Preschool for All informed providers that Preschool for All seat rates will increase by 6% for the 2025-26 school year. This includes a 1% increase to help providers pay for translation and interpretation support.



**Program leaders need
to address risks to
expansion**

Program leaders need to address risks to expansion

The Preschool for All Plan projected that the program will be able to offer universal access to preschool for all three- and four-year-olds in the county by 2030. However, there are risks that threaten the program's ability to achieve that goal. Program leaders need to focus on addressing those risks and growing the program, so more families can be served.

In order for Preschool for All to have the capacity to be universal, it will have to get more existing preschool providers to participate and build new capacity.

At the start of the 2024-25 school year, Preschool for All offered around 2,000 seats. The program forecasted that it will need to grow to 11,000 seats by September 2030. Preschool for All estimated that about 7,000 seats will come from converting existing private preschool seats to the program. 4,000 seats will come from newly created seats at new or expanded preschool sites. However, a lack of data on current preschool capacity and the changing private market make it hard to know exactly how many new seats will be needed.

So far, Preschool for All has 133 participating preschool sites, including small and BIPOC-owned preschools. However, many existing preschool providers in the county have not yet applied or have not qualified.

Preschool for All also has services to support expanding the workforce and facilities. Those services were slow to start and are too new for us to assess how well they are working.

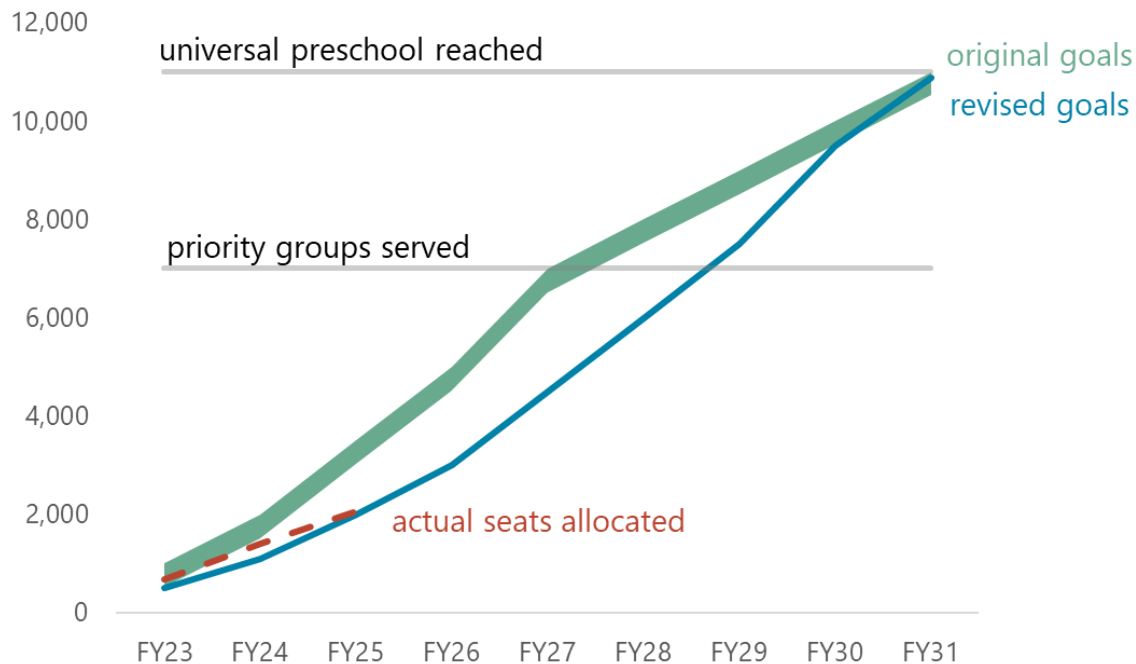
Preschool for All has reached revised goals, but not original goals

The Preschool for All program is built on the Preschool for All Plan, which laid out a rollout over 10 years. However, the program is serving families at a slower rate than was

envisioned in the original plan. As discussed above, the Preschool for All program changed its goals in 2022. Program staff told us that they changed the goals in response to preschools closing during the pandemic.

It will take longer to serve all children in priority groups with new targets

Revised minimum goals compared to the range in the original plan



Source: Auditor analysis of Preschool for All Plan and program documents provided by the Preschool and Early Learning Division. Notes: The model for when targets are reached assumes 3,000 seats in existing publicly funded preschool, like Head Start, on top of what is shown in the graph. FY25 seat allocation does not include mid-year seats. The estimate of the priority groups was based on a combination of income and race/ethnicity data and did not account for other factors. When universal preschool will be reached and priority groups served are forecasted estimates.

While the goal is still to reach universal preschool by 2030, slower growth initially means that fewer eligible children will be able to access free preschool in the meantime. If the program only meets its revised goals, it will have served about 7,500 fewer children by 2030, compared to how many children it could have served if it had kept its original

goals. Based on the program's forecast, it could take an additional two years for Preschool for All to have enough seats to serve all children in the priority groups.

Additionally, even though the plan always involved a ramp-up period, the slow process may have reduced community trust in the program. Under a different model, New York City scaled up its preschool program quickly by contracting with private preschools and adding classrooms in schools. A representative from New York told us that getting to universal access helped build community buy-in.

Smaller and BIPOC-owned preschools are among those participating

The Preschool for All Plan said that the program should make sure small home-based preschools and preschools that are owned or directed by Black, Indigenous, and People of Color (BIPOC) can participate. The program has been successful with getting these preschools to participate.

At the start of the 2024-25 school year, 73 preschool businesses or organizations were participating at 122 sites. Around 70% of participating home-based and center-based preschools have a BIPOC owner or director. Of all the preschools participating at the start of 2024-25, 43% are small home-based preschools, 33% are larger center-based preschools, and 24% are school-based preschools. This does not include the 11 sites that were added mid-year.

To be universal, Preschool for All will need more existing preschools to participate

Preschool for All's growth depends on getting existing preschools to participate. So far, many preschool providers in the county have chosen not to apply to the program. Providers not applying to the program is a constraint on short-term growth and a risk for the program reaching universal preschool by 2030.

At the start of the 2024-25 school year, there were 122 preschool sites participating in Preschool for All. According to state licensing data, there are roughly 840 potential licensed preschool sites that could be participating. This figure includes any facility that is licensed to serve preschool age children, including Head Start programs. This does not include sites run by school districts, which are exempt from licensing. It is possible that some licensed providers are not currently serving preschool age children.

Preschool for All's current modeling is built on about 80% of existing preschool seats being converted to Preschool for All by 2030. So far, it appears that around 11% of potential licensed sites are participating. The percent participating is a little higher for just center-based preschools, at 17%. Participation of center-based and school-based providers could have a greater influence on the overall number of seats because they have more capacity.

So far, a small percentage of licensed preschools are participating in Preschool for All

	Number of program sites	Number of licensed sites	Estimated % participating
Home-based	53	603	9%
Center-based	40	236	17%
School-based	29	N/A	N/A

Source: Auditor analysis of data from the State of Oregon Department of Early Learning and Care and Multnomah County Preschool and Early Learning Division. Notes: Participating providers is as of Sept. 2024. Licensing data is as of Dec. 2024. Some providers licensed to serve preschool age children may not be currently enrolling preschool age children so these figures should be considered estimates.

Preschool for All has denied a large number of providers

The Preschool for All program has denied about a quarter of provider applicants each year. The program screens providers for ability to serve priority groups and readiness to

participate, among other criteria. Most providers that were denied did not apply again. Ensuring providers can serve priority groups is important. However, the program could do a better job of following up with those providers to help them prepare to be approved. It could also examine the process to see if it could be adjusted.

Preschool for All has denied 87 preschools over three years

Number of preschool sites that participated in or applied to the program each year and the outcome

	FY23	FY24	FY25
Participated	48	82	122
Denied seats	23	23	41
Provider withdrew	6	0	8
Total	77	105	171

Source: Auditor analysis of data from the Multnomah County Preschool and Early Learning Division. Note: Preschool providers could be denied due to lower scores on the application, licensing violations, facility not ready, or other concerns. Two providers that were denied in FY25 were scheduled to get mid-year seats. Participated line includes newly accepted providers and continuing participating providers. One site closed and is classified as withdrawn.

Over half of the denied preschools were denied during the first step in the application process. Preschool providers fill out a form with questions about their operations and experience serving priority groups. A panel made up of county staff and community partners scores the responses. Providers with scores below the cutoff are denied. For example, a provider lacking experience serving children with disabilities may score lower on the application.

The remaining preschools were denied because their facility was not ready in time, because of licensing violations, or because county program staff had other concerns, which they did not always explain in their documentation.

In FY25, Preschool for All added mid-year seats that started in January 2025. This helps providers whose facilities were not ready in time for the school year and is a good example of program staff adapting to challenges and concerns.

Preschool for All also requires that preschool sites wait two years since having any serious licensing violations before participating. Examples of a serious licensing violation include leaving a child unsupervised and having staff on site who have not completed a background check. Program staff told us that this was a way to add additional criteria for health and safety. State of Oregon funded childcare programs also look at serious licensing violations in their provider selection process.

A couple of preschool providers we spoke with disagreed with Preschool for All's policy for denying providers based on licensing violations. They pointed out that the state allows those providers to continue operating. They also worried that this policy could pressure preschool providers to refrain from self-reporting incidents to the state.

Additionally, the Preschool for All program is not giving providers all the seats that they ask for. Seat allocation decisions are based on both the providers' requests and program staff's observations of how successful the program has been at enrolling and keeping families. Preschool for All staff said they did not give some new providers their maximum requests because they wanted to make sure providers could adjust to the Preschool for All program and have strong inclusion practices in place.

Finally, the records that Preschool for All keeps on the application and allocation process for preschool providers are disorganized. This could affect their ability to track and reach out to providers who are not yet participating.

Preschool for All requires preschools to change how they operate

The Preschool for All program requires private preschools to operate differently than they previously did. The goals of these requirements include promoting equity and inclusion, meeting family needs, and improving stability of the workforce. However, these are also big changes for private preschool providers and may contribute to why some providers have hesitated to apply.

Some of the policies and practices of Preschool for All that affect the way preschools operate include that the Preschool for All program:

- Controls the application and enrollment process
- Allows some but not all toddlers in care to continue in Preschool for All seats
- Requires preschools to accept all referred children
- Prohibits exclusion or suspension of children
- Requires preschools to provide 10-hour days (or six if on a school year schedule)
- Requires specific teacher wages and benefits
- Requires specific teacher education levels
- Requires a second staff person during program hours
- Requires certain levels of insurance
- Requires preschools to provide lunches

Up until March 2025, the program also prohibited the collection of fees for late pickup.

Some providers told us they thought some of the changes are positive. For example, one provider told us they appreciated no longer having to deal with enrollment. We also heard an appreciation for being able to serve a more diverse classroom. Providers strongly valued the benefit of Preschool for All for families.

However, the requirements have also led to challenges and concerns from preschool providers. For example, preschool providers may have to change their facilities to build kitchens or hire more teachers to cover longer hours. We heard concerns about providers not feeling prepared to care for children with disabilities. We also heard concerns about the long day and the cost of higher insurance levels than what many small providers would typically have. We heard that the process to get reimbursed for inclusion support funds is burdensome.

As discussed above, Preschool for All also changed its continuity of care policy on how many children who are already attending a site can be guaranteed to continue on in a Preschool for All seat. The new policy limits this practice to half of the open Preschool for All seats at center-based and school-based preschools. The program made this

change to allow more children from priority groups to access care at popular preschools. However, this also affects the way that preschools operate.

Potential preschool providers say they want more information and assurances

We spoke with some preschool providers from preschools that are not yet participating in Preschool for All. They told us that they would like more information and assurances about how the program will operate.

Only limited program and financial information is available to providers before they apply to the program. Preschool for All has a provider program guide, which has extensive instructions and requirements for providers. However, it is not on the website and not available to providers before they have applied.

While the website lists the current seat reimbursement rate, it is less clear about other funding. It says that providers may be able to receive the following funds: start-up, transportation, infant/toddler stabilization, and inclusion support funds. However, except for start-up funds, it does not describe how much money is available per preschool. It also says that inclusion support funds are subject to approval.

We also heard concerns about whether the program funding is sufficient to cover business expenses and whether providers will receive enough support to serve children with disabilities. Current providers have chosen to continue participating in Preschool for All, except in the rare case their business closed or they no longer qualified. However, some current preschool providers told us that program funding was not enough to cover their expenses, especially with the program requirements, like a 10-hour school day.

Some providers we spoke with also questioned specific contract terms, such as a contract term giving the county ownership of intellectual property. The program uses standard contract language for the county. However, the program could review the contracts to see if all terms are necessary.

Preschool for All could do more to bring in nonparticipating preschools

Preschool for All could formalize working with current and nonparticipating providers on addressing concerns and adjusting the policies of the program, especially if it could allow more preschools to participate.

Program leaders report that they work with current providers to get feedback and have made program adjustments. For example, program staff said they lowered the level of insurance required to account for higher insurance costs. The Preschool for All advisory committee has some representatives from preschools, but they may not represent the experiences of all types of preschools or be able to influence operational decisions. The program could formalize feedback mechanisms and include more nonparticipating providers.

There is also an opportunity for program staff to work more intentionally with denied providers to help them reach a place where they could be approved. When Preschool for All staff deny preschools from participating they send them an email to let them know about the denial and the reason for not allocating seats. Program staff could also do more outreach to providers who withdrew their applications to learn why they changed their minds and try to find solutions.

Services to grow capacity were slow to start and risk not meeting future capacity needs

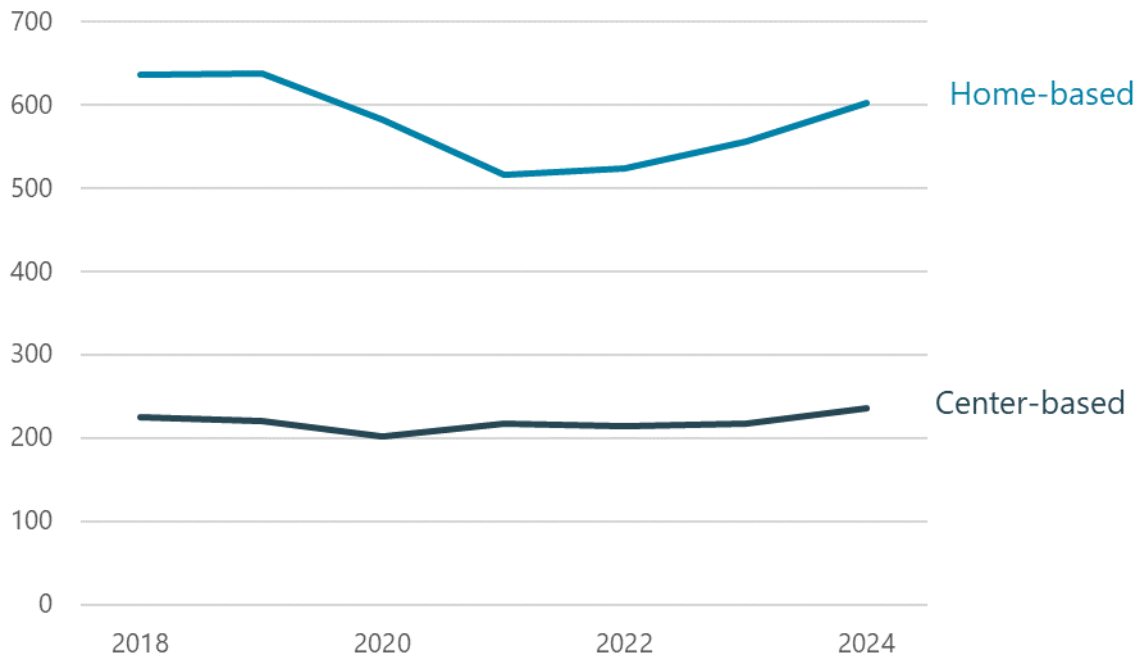
The Preschool for All model is built around growing capacity in the overall system. The Preschool for All program estimates that 4,000 preschool seats will have to come from new or expanded preschools. There are risks that insufficient capacity will be created. Or that the program makes unnecessary investments if it does not monitor the market.

The Preschool for All program is investing in two strategies to build capacity. A facilities fund provides grants and loans for preschools to expand or renovate. There are also investments in growing the number of teachers to work in preschools. People we interviewed said that facilities and workforce were the two biggest barriers to expansion.

The new capacity needed is hard to estimate in part because the market is changing. State licensing data shows that the number of providers decreased during the pandemic but began increasing again in 2023. The change was most dramatic for home-based providers. The number of center-based preschools has been more stable. However, because center-based preschools serve more children than home-based preschools, small changes in the number of center-based preschools can have a greater effect. At least some growth came from Preschool for All providers expanding to new locations.

The number of preschools has started increasing after pandemic lows

Number of sites licensed to serve preschool age children in Multnomah County



Source: State of Oregon Department of Early Learning and Care. Notes: The number of sites in Multnomah County that are licensed to serve preschool age children in December of each year. Licensing can cover a variety of age groups and it is possible that some facilities do not serve preschool age children, even though they are licensed to. There are also unlicensed and exempt facilities that are not included in the above amounts.

The facilities fund was slow to start but is now operating

The county contracts the management of the facilities fund to a group called BuildUp Oregon. BuildUp Oregon is made of four nonprofits: Craft3, Low Income Investment Fund (LIIF), Micro Enterprise Services of Oregon (MESO), and Network for Oregon Affordable Housing (NOAH).

Preschool for All began planning work for the facilities fund in FY22, with an increased budget in FY23. However, the fund did not start awarding grants and loans until April 2024, near the end of FY24.

Program staff told us that the process of getting the fund operational was delayed because they wanted to set up the fund correctly. They coordinated with the State of Oregon, which was also setting up a preschool facility grant fund, to try to align as much as possible. Consequently, BuildUp Oregon is managing both funds.

In FY24, the facilities fund awarded over \$9 million

Between April 2024 and July 2024, the facilities fund awarded \$6.5 million in grants and \$3 million in loans. The funding went to 16 organizations with a mix of new developments and renovations.

There was also one acquisition where the business bought the property where it had been renting. Acquisitions for existing locations are not listed as an approved type of grant and the invoice said this grant received special approval. The acquisition does not expand the preschool, but it prevents the potential loss of the preschool.

According to the FY25 forecast, the Preschool for All program is planning to spend around \$18 million a year on the facilities fund for six years. It then decreases annually until it reaches \$3 million a year on an ongoing basis. If the forecast is followed, Preschool for All will have spent \$118 million on facilities by 2030, when the program is planned to become universal.

Most of the facilities fund dollars went to new developments

Facility funds awarded between April and July 2024

Types of awards	# of projects	Total award amounts
New development grants	6	\$4,276,150
New development loan	1	\$3,000,000
Acquisition grant	1	\$750,000
Renovation grants (no new seats)	10	\$649,620
Pre-development grants	6	\$453,195
Renovation grants (new or preserved seats)	3	\$386,670
Total	22	\$9,515,635

Source: Invoices obtained from Workday. Notes: Some projects received multiple awards of different types. Does not include administration of the facilities fund.

Facilities fund is meeting its equity goals

Preschool for All intends to use the facilities fund to provide access to capital for businesses that have had limited access in the past, with Preschool for All saying that BIPOC owners in particular face systemic barriers to accessing capital. The Preschool for All Plan says that Preschool for All “makes infrastructure investments and development decisions using a racial equity lens and prioritizes reducing geographic and racial disparities.”

In the budget for the facilities fund, Preschool for All has a performance goal that 50% of funding will go to BIPOC owners or culturally specific organizations. Between April 2024 and July 2024, 39% of funding went to BIPOC owners and 34% went to culturally specific organizations, for a total of 73%.

Unclear guidelines and goals present risks for program growth

The purpose of the facilities fund is to increase the number of childcare facilities to help Preschool for All meet its goal of universal preschool access. BuildUp Oregon uses Preschool for All dollars to make investments in growing the capacity and quality of childcare sites in the county. However, Preschool for All could take steps to increase the likelihood that facility investments will lead to increased capacity for the Preschool for All program. Current guidelines are focused on the overall system, with less focus on Preschool for All specifically. Additionally, goals and market conditions will need to be monitored over time.

BuildUp Oregon offers pre-development and new center development grants for preschool providers that are expanding. It also offers renovation grants to current preschool providers for building improvements and loans when costs exceed grant amounts. BuildUp Oregon offers technical assistance in addition to funding. For each type of grant there are maximum amounts for the total grant award. There are also maximums per seat, or the amount awarded divided by the number of affected childcare seats.

Preschool providers receiving facilities funds agree to participate in Preschool for All for a certain number of years depending on how much money they get.

However, we heard conflicting information about whether grant funding depends on the number of Preschool for All seats that will be created. In interviews with Preschool for All staff and BuildUp Oregon, we were told that the number of seats they use to calculate award maximums are not specifically Preschool for All seats. They could include private pay preschool, infant and toddler care seats, or seats covered by federal or state programs. A representative from BuildUp Oregon told us that counting all types of seats is a best practice to discourage private preschools from eliminating infant and toddler seats in favor of preschool seats.

Preschool for All staff later told us that grant funding does depend on the number of Preschool for All seats that will be created. For example, a \$1 million grant should create 40 or more Preschool for All seats. However, this is not supported in BuildUp Oregon's

program guidelines. An early program invoice also included a \$1 million grant going towards the creation of only 15 Preschool for All seats. Program staff told us that was incorrect and the number of planned seats was actually 40. Staff attributed this to confusion with BuildUp Oregon.

The program should work with BuildUp Oregon to clarify their guidelines. As the program guidelines are written, a center-based provider could receive \$1.1 million in grants to build a new site with only 10 Preschool for All seats, out of 40 or more total seats. Additionally, BuildUp Oregon allows renovations that may improve preschools but not add new seats to Preschool for All. Consequently, under the current guidelines, a home-based provider with four Preschool for All seats could get a \$50,000 grant for a renovation that did not create any new seats.

Award maximums do not consider growth in Preschool for All

Types of grants that BuildUp Oregon offers and maximum award amounts, based on program guidelines

Grant type	Example	Maximum awards	Maximum awards per seat
Pre-development	Architect fees	Center or school-based: \$100,000 Home-based: \$10,000	-
New center development	Site construction	Center or school-based: \$1 million	\$25,000
Renovation	Kitchen upgrades	Center or school-based: \$250,000 Home-based: \$75,000 (if new seats are created) or \$50,000 (for improvements that do not create new seats)	\$5,000

Source: BuildUp Oregon Program Guidelines. Notes: Program guidelines do not specify that the seats have to be Preschool for All specifically.

A committee made of staff from BuildUp's organizations and Preschool for All staff approve funding for projects. Currently, BuildUp Oregon representatives said they are providing technical assistance to all applicants that qualify and are only prioritizing projects based on how ready they are to complete work.

The BuildUp Oregon annual report estimates that the initial \$9.5 million investment will create 332 Preschool for All seats. However, at least 101 of those seats appear to be related to either facility upgrades or site acquisition to preserve seats that already existed, but needed an investment to continue operating. This is in addition to private pay preschool and infant/toddler seats that are created or improved but are not dedicated to Preschool for All.



Additionally, BuildUp's estimates are not guaranteed. The estimates are based on the number of seats the project eventually plans to have in the future. Preschool for All program staff told us that they plan to establish memoranda of understanding (MOUs) with preschools receiving facilities funds to establish how many seats the preschools will have in Preschool for All over time. So far, grants have been awarded before MOUs are in place.

The program could also clarify goals for the facility fund and monitor the fund over time. The program had not publicly set goals for how many seats the facilities fund will create until submitting its budget request for FY26. The FY24 contract with BuildUp Oregon also did not include any seat goals. The FY25 contract does include a goal to create or preserve 375 Preschool for All seats. The contract is for \$17.8 million, which includes administration. That works out to a cost of nearly \$50,000 per Preschool for All seat.

The program may have to have more aggressive goals if it wants to get to universal preschool by 2030. Preschool for All estimated that 4,000 seats will have to be brand new, which would work out to 667 seats a year for 6 years. Not all growth has to be supported by the facilities fund though.

In addition to clarifying goals, Preschool for All should monitor the preschool market and adjust goals as needed. Changing conditions could affect how much new capacity is needed. New businesses could start in anticipation of Preschool for All, reducing the need for capacity. Conversely, changes in the market from Preschool for All and county-funded growth could put some private preschools out of business. Additionally, there is a risk that families could choose Preschool for All over existing state or federal programs. If those programs are under-used, Preschool for All will need to build more capacity. If existing preschools choose not to participate in the program, that could also require more capacity.

Building capacity in the early childcare system overall will likely add value to the community, especially since infant and toddler care is scarcer than preschool. However, not clearly focusing investments on Preschool for All growth adds risks that Preschool for All will fall short of being able to serve all eligible children by 2030.

Preschool for All was slow to start workforce development contracts

Preschool for All was slow at getting the planned workforce development services started. The county budgeted for workforce development services in the last three fiscal years but did not start spending money until FY24, which started in July 2023. In FY24, Preschool for All only spent a third of its workforce development budget.

Workforce development includes a few types of services. Academic navigation assists students at community colleges to get degrees in early childhood education. Workforce recruitment recruits new professionals to enter the field and provides career coaching. These services are contracted out. Preschool for All also funds scholarship programs, including a scholarship for a cohort of Indigenous early childhood education students at Portland State University.

Workforce development services appear to be meeting equity goals

The academic navigation and workforce development programs have specific goals outlined in their contracts for the number of people served and the percent that are

BIPOC. So far, they appear to be meeting their goals for workforce equity, though some services are just getting started.

Academic navigators at local community colleges report that half or more of the students studying early childhood education are BIPOC, which is over the target of 40%.

For workforce recruitment, one contractor reported 32 participants, with 26 (79%) of them from focus groups: immigrants, refugees, speakers of languages other than English, or BIPOC. The other contractor was newly set up and did not report participant data.

Program does not yet have information on whether workforce development programs are working

Workforce development services are too new to be able to see trends in outcomes data, such as graduations or jobs obtained, except for some anecdotes. The way the data is reported also limits evaluating outcomes. Academic navigators report demographics and graduation data on all students participating in the early childhood education program. However, not all students take advantage of their services. Additionally, they do not report data on whether students obtained work after graduating.

To further understand if academic navigators are helping build capacity, Preschool for All could change the reporting requirements to include whether current students are already working in the field. Reporting on more detailed information would provide a better understanding on the different ways that academic navigators are helping build capacity. For example, one academic navigator described working with a large cohort of current Head Start teachers. This provides value to the field overall but does not necessarily help Preschool for All build capacity in the near term.

Reporting for the workforce development programs is structured to report on outcomes. However, the contracts are new and contractors do not have this data yet.



Recommendations

Recommendations

We recommend that the Department of County Human Services, no later than May 1, 2025:

1. Develop and implement a process to verify the accuracy of families' application answers used for priority weighting. At a minimum, the process should verify income with documentation, since income is the highest weighted and is straightforward to document.

We recommend that the Department of County Human Services, no later than April 1, 2026:

2. Adjust budgets and the forecast to better reflect actual spending.
3. Ensure communications to providers, the Board of County Commissioners, and the public reflect current practices and note in a timely manner when changes from the plan and county code have occurred.
4. Make priority group language consistent across all communications, including contracts, applications, program instructions, and communications to the public.
5. Provide information about the availability of seats at each preschool on the website, to provide more information for families that are applying.
6. Create focused outreach strategies for each of the priority groups in the Preschool for All Plan.
7. Add more trainings on culturally responsive and accessible preschool.
8. Provide instructions to family navigator organizations encouraging them to visit and get to know at least some preschools.
9. Add the provider program guide to the website.

10. Create a system to improve data tracking of all preschools that have applied, the outcome, and the reason for the outcome.
11. Create and implement a process for engaging with preschools that have applied but did not participate.
12. Create and implement a formalized mechanism for preschools of various sizes (both participating and not participating) to provide input on the Preschool for All program.
13. Work with central purchasing and the county attorney to review contract requirements for opportunities to reduce burdens on preschools, while still protecting the county. Consult with the county equity contracting group as a resource.
14. Publicly report annually on the progress of the facilities fund. Include updated analysis on the estimated number and capacity of existing private and public preschools, as available data allows.
15. Specify and communicate facility fund guidelines to include requirements for creating Preschool for All seats specifically.
16. Adjust reporting requirements for academic navigators to better monitor if the investments are building new teacher capacity.

Objectives, Scope, & Methodology

The objectives of this audit were to:

- Determine the extent to which the Preschool and Early Learning Division's application and enrollment process provides access to preschool for each of the priority groups.
- Determine the extent to which the Preschool and Early Learning Division supports and monitors preschools to serve priority groups and provide inclusive, culturally responsive preschool.
- Assess the Preschool and Early Learning Division's progress toward universal preschool and identify barriers to achieve universal preschool by 2030.

To accomplish these objectives, we:

- Reviewed relevant county, state, and federal laws
- Reviewed guidance on early childhood education standards from the U.S. Department of Education, the Oregon Department of Early Learning and Care (DELIC), and the National Association for the Education of Young Children (NAEYC)
- Researched history of early childhood education in Multnomah County, the State of Oregon, and in the United States
- Interviewed government-funded preschool programs in other parts of the United States
- Reviewed the Preschool and Early Learning Division's budget documents, performance measures, and guiding documents
- Conducted 63 interviews with stakeholders, including:
 - Participating and non-participating preschool providers
 - Participating families
 - Preschool and Early Learning Division staff
 - Contracted support agencies
 - Program administrators from other jurisdictions

For this audit, we analyzed application, enrollment, and provider data for the 2022-23, 2023-24, and 2024-25 school years. Application and enrollment data were retrieved from the Preschool and Early Learning Division's Minimum Viable Product and Bridgecare systems. Preschool provider data was stored in spreadsheets prepared by Preschool and Early Learning Division staff.

We also analyzed financial data for FY22, FY23, and FY24 from Workday. Finally, we analyzed state preschool licensing data for April 2018 to December 2024 provided by the State of Oregon from the Childcare Regulatory Information System (CRIS).

We assessed the reliability of data by (1) performing electronic testing for obvious errors in accuracy and completeness, (2) interviewing county and state officials knowledgeable about the data, (3) reviewing related documentation, and (4) working with county and state officials to identify any data problems. We determined that the data were sufficiently reliable for the purposes of this report.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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Audit Staff

Mandi Hood, Senior Performance Auditor
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Appendix A: Auditor's Early Communication

Jennifer McGuirk, Multnomah County Auditor



**Multnomah County
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Caroline Zavitkovski

Date: October 8, 2024

To: Jessica Vega Pederson, Multnomah County Chair
Travis Graves, Interim Chief Operating Officer and Department of County Management Director
Mohammad Bader, Department of County Human Services Director
Leslee Barnes, Preschool and Early Learning Division Director
From: Jennifer McGuirk, Multnomah County Auditor *JM*
RE: Non-compliance with county code related to Preschool for All

Dear Chair Vega Pederson, Interim COO Graves, Director Bader, and Director Barnes,

Government auditing standards direct my office to communicate with management and those charged with governance when we see circumstances that require prompt corrective action. Therefore, I am using this letter to alert you to my office's concern that the Department of County Human Services may be out of compliance with county code related to the Preschool for All program.

§ 11.514 of county code states:

"The net revenues collected under the Preschool For All Personal Income Tax will be paid to the County and tracked in a separate fund, for distribution by the Board for Preschool For All Program services, such as: ... **Providing up to six hours per day** of high-quality, tuition-free, developmentally appropriate, early learning experiences... **Up to four additional hours of before or aftercare per day for families with incomes under the Self-Sufficiency Standard** for Multnomah County." (**emphasis added**)

In other words, Preschool for All funds are intended to pay for up to six hours of preschool for all participating families and pay for up to an additional four hours of care for participating families with lower incomes. However, based on interviews and data analysis, it is our understanding that the program

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is currently paying for up to 10 hours of preschool for all participating families, regardless of income. We first identified this discrepancy between county code and actual practice during our current performance audit of Preschool for All.

After we raised this issue with Director Bader, he provided a memo from the County Attorney's Office stating that paying for up to 10 hours of preschool for all participating families does comply with the county code. The memo from the County Attorney stated that providing the 10 hours to all participating families, regardless of income, is acceptable in part because it is included in a non-exhaustive list of expenditures, as evidenced by the use of the term "such as."

However, it is not clear to us that the dollars for before and aftercare are being expended as voters intended, nor is it clear that current practice aligns with the intent of the law. Voters were presented with very specific language in the voters' pamphlet about who is eligible for before and aftercare. This language matches the Preschool for All plan written in July 2020. Neither the voters' pamphlet, nor the Preschool for All plan used the term "such as," so both documents appear more definitive.

We are writing this letter now, rather than waiting until we release our audit report, so you can take prompt action regarding this area of questionable code compliance.

Please keep my office informed of progress to resolve the issue.

CC: Sharon Meieran, Multnomah County Commissioner District 1
Jesse Beason, Multnomah County Commissioner District 2
Julia Brim-Edwards, Multnomah County Commissioner District 3
Lori Stegmann, Multnomah County Commissioner District 4

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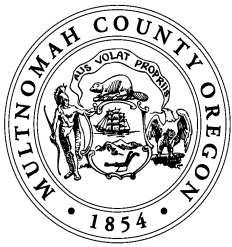
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Appendix B: County Attorney's Memo to DCHS



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Assistants

TO: Mohammad Bader, Department of County Human Services Director

FROM: Jonathan Strauhull, Assistant County Attorney

RE: Allowable Expenditures of Preschool for All Revenue

DATE: October 3, 2024

Question Presented

- (a) What expenditures are allowable under the Preschool for All income tax revenue program, and what limitations exist on the use of that revenue?
- (b) Can Preschool for All offer full day services to all families, regardless of income?

Short Answer

- (a) Allowable expenditures broadly include “Preschool for All Program services,” which means tuition-free preschool services for children that meet the Program’s criteria.
- (b) Yes, Preschool for All can offer full day services to all families regardless of income as it falls within the purpose of “Preschool for All Program services” and the Code does not prohibit it.

Discussion

The Multnomah County Board of County Commissioners created the Preschool for All income tax program through Ordinance 1288, and voters ratified the tax in November 2020. Multnomah County Code (MCC) at section 11.514 provides a non-exhaustive list of allowable expenditures for the Preschool for All program (the “Program”), and delegates administration and the authority to implement and oversee the Program to the Department County Human Services (DCHS) Director.

In determining the scope of local tax code, state law requires that every law imposing a tax state the purpose for which the tax is imposed including how collected taxes will be spent.¹ Here, County code provides that all revenue collected under MCC § 11.512 be spent on the stated purpose of the Preschool for All income tax – “Preschool for All Program services,” which means tuition-free preschool services for children that meet the Program’s criteria. The remaining code language in MCC § 11.514 provides a list of examples of allowable Preschool for All program services, beginning with the phrase “such as.” This non-exhaustive list of allowable expenditures include administration (§ 11.514(A)(1)); inclusive programming for three and four year-olds in Multnomah County (§ 11.514(A)(2)); up to six-hour day early learning programs (§ 11.514(A)(3)); other programming options including half day, full day, and ten hour days programs for low income families (§ 11.514(A)(4)); payment standards for wages and credentialing in the program (§ 11.514(A)(5)-(6)); and a policy statement about labor relations neutrality (§ 11.514(A)(7)).

Additional services, including full day services for all families regardless of income, may be offered so long as they are consistent with the purpose of the income tax and best practices for the administration of the Preschool for All program as recommended by the DCHS Director. The code provisions discussing offering services including “up to six-hour day” early learning programs (§ 11.514(A)(3)) and other programming options including half day, full day, and ten-hour days programs for low income families (§ 11.514(A)(4))² do not expressly prohibit the Preschool for All program from offering full day services to all families regardless of income for three reasons.

First, the list of allowable expenditures in § 11.514(A) begins with the phrase “such as” indicating that the list is non—exhaustive. Second, the DCHS Director is charged with administering and implementing the program and providing recommendations on how Preschool for All Program services may be offered, including whether to offer full day services to all families regardless of income. Finally, it is highly likely that any court examining the legality of the expenditure under ORS 294.100 would find that offering full day services for all families regardless of income day falls squarely within the stated purpose of the income tax – “Preschool for All Program services.”

¹ OREGON CONSTITUTION at Article IX, § 3. See also ORS 294.100 (restricting public officials from spending moneys for any purpose other than provided by law).

² In addition to the reasons above, MCC §11.514(A)(4) may expressly authorize full day services regardless of income depending on the interpretation of the term “full day” in the phrase “Offering options for the Preschool For All Program will include: (a) Half-day, full-day, year-round, and school-year schedules...”

Response Letter



Jessica Vega Pederson
Multnomah County Chair

501 SE Hawthorne Blvd., Suite 600
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April 3, 2025

Jennifer McGuirk, MPA, CIA
Multnomah County Auditor
501 SE Hawthorne Blvd., Room 601
Portland, OR 97214

Dear Auditor McGuirk,

On behalf of myself, the Chief Operating Officer, the Chief Financial Officer, and the Preschool and Early Learning Division, I would like to thank the Multnomah County Auditor's Office for performing a detailed audit of Preschool for All and providing recommendations for improvement. We value your office's insights and are committed to continuous improvement as we implement the program.

Preschool for All (PFA) is implementing an ambitious program model for our community. A program that allows all children to have the opportunity to attend a preschool that's right for them and that every family can afford. In Multnomah County, we believe every child deserves the best possible start in life—no matter their background, ZIP code, or family income.

Early learning has been historically devalued and underinvested in. Preschool for All represents a crucial opportunity to improve the lives of children and families in Multnomah County. It is an investment in the essential infrastructure of our community, Universal preschool also enables more parents to enter and participate fully in the workforce, benefitting employers and the County as a region.

PFA is now in its third year of serving children and families and growing to universal preschool in 2030. Implementing a new program inevitably comes with deep learning, iterating, and improving. Many program changes, including recommendations from providers and changes focused on the inclusion of children with disabilities, have already been implemented. Preschool for All must balance families' expectations for quality care while increasing the number of providers and preschool seats. The program remains on track to reach universal in 2030 and will need to adeptly navigate the risks ahead, including increasing the workforce and the number of preschool facilities.

Early learning is complex and involves multiple systems. PFA incorporates a mix of small and large businesses, schools and non-profit organizations into a cohesive system that focuses on inclusion, racial equity, and family choice. PFA leverages existing state and federal investments and strengthens the early learning eco-system. It is nuanced work that is difficult to capture in one report.

The Preschool and Early Learning Division (PEL) is committed to building a strong and sustainable program that meets the needs of families and providers. Many of the improvements highlighted in this report are already underway. We appreciate your partnership in this effort and look forward to sharing our progress in the future.

Recommendation 1

Develop and implement a process to verify the accuracy of families' application answers used for priority weighting. At a minimum, the process should verify income with documentation, since income is the highest weighted and is straightforward to document.

We do not have sufficient time to consider and evaluate this recommendation for inclusion during this application round, which opened on April 2nd. However, PFA is committed to reviewing this recommendation further, including examining best practices and weighing the potential benefits against the associated burden, before making a final determination on next steps.

Requiring verification of application data beyond the eligibility criteria contradicts the principles of universal preschool. The two eligibility requirements for PFA are clearly defined as age and residency within Multnomah County. Documentation to prove PFA eligibility is reviewed and verified when families enroll. Our approach is consistent with other universal preschool programs- verification is tied directly to eligibility. For example, programs that use income as an eligibility requirement for some or all of their seats require income documentation.

We use application data for prioritization when demand exceeds capacity at specific locations. This is different from eligibility, and families' responses do not impact their eligibility. We verify eligibility requirements, but other application details are self-reported. Families complete an attestation of accuracy that is embedded in the application. As we make progress towards universal access in 2030, the gap between capacity and demand is expected to narrow, reducing the need for prioritization.

The addition of further verification requirements may create undue barriers, particularly for priority groups, and significantly slow down the application process. It may also increase administrative burden and cost, requiring the storage of unnecessary sensitive data and an increase in administrative staff.

Recommendation 2

Adjust budgets and the forecast to better reflect actual spending.

The report highlights underspending in FY24. PEL has been aware of this issue and decreasing underspending was one of key FY25 budget priorities that we shared with the Board of County Commissioners last spring.

Although there is still room for improvement, PEL continues to decrease the rate of underspending every year. Underspending will continue to dramatically decrease in FY25. In the most recent monthly budget period, PEL's budget is 80% spent compared to 50% at the same point in FY24.

Budgeting for a new initiative involves many unknowns. PEL underestimated the amount of planning and capacity building needed to develop and implement new services and contracts. At the same time, we have also worked hard to be thoughtful stewards of Preschool for All dollars. PFA forecasting is updated on a yearly basis and any unspent funds incorporated into future planning. We also update the forecasting assumptions with new data every year.

With two years of implementation data to guide us, the FY25 budget is much more accurate than previous years. We have established key contracts for workforce development and the PFA Facilities Fund. This work is now well underway. Spending in these areas will ramp up significantly as we continue our path to universal preschool in 2030.

Recommendation 3

Ensure communications to providers, the Board of County Commissioners, and the public reflect current practices and note in a timely manner when changes from the plan and county code have occurred.

We agree that our communications surrounding operational and/or programmatic changes can be strengthened and accept this recommendation. PEL staff are continually looking for opportunities to improve Preschool for All. This means that there are regular changes that we seek to communicate in advance and after stakeholder input has been received, to the Board, providers, and the public.

We currently provide two annual briefings to the Board of County Commissioners, quarterly community newsletters, monthly provider newsletters, regular provider emails, and a yearly implementation update. In order to ensure that our communications reflect current practices and note changes in a timely, we will:

- Create a document that includes the key elements of the PFA plan and county code and how they have been operationalized. Post this document on the website and share with the Board, providers, and public.
- Create regular, structured opportunities for PEL program staff to document changes
- Incorporate changes into existing communications methods (newsletters, emails, briefings, website updates, etc)
- Use monthly communications meetings with the PEL Director as an accountability check on where changes have been communicated and what additional communication needs to happen.
- Host quarterly meetings with both PFA Advisory Committee and newly forming PFA Provider Advisory Group
- Offer quarterly briefings to Commissioners

Recommendation 4

Make priority group language consistent across all communications, including contracts, applications, program instructions, and communications to the public.

We agree that this is a needed change, accept this recommendation, and are in the process of implementing it. It is important that the priority group language is consistent across our communications. We will be doing a thorough review of all of our documents to ensure that the language is clear and the updates are complete.

Recommendation 5

Provide information about the availability of seats at each preschool on the website, to provide more information for families that are applying.

We accept this recommendation. In previous years from approximately July- January, a PDF has been updated regularly and posted to the home page of our family application showing which sites currently have seats available.

Our application system vendor, BridgeCare, recently released a feature that automates the process of providing information about availability of seats. It is already incorporated into the 2025-26 PFA family application that opened on April 2. The feature identifies where there are "seats available," "low availability," and "no availability" when families conduct a search for PFA preschool sites.

Recommendation 6

Create focused outreach strategies for each of the priority groups in the Preschool for All Plan.

We will use this recommendation as an opportunity to reflect on outreach to each of the priority groups, to consider new outreach strategies that can be added, and to identify additional organizations that we can partner with for family recruitment.

Our current outreach includes strategies focused on each of our priority groups. PFA has been successful in recruiting families from these groups and there are always additional ways to deepen this work. We add new strategies each year and are interested in continuing to improve our outreach.

One of the most effective ways to reach families in our priority groups is through organizations they trust. We offer opportunities for these organizations to learn more about the PFA family application. We want them to be able to confidently refer families to PFA. We've cultivated relationships with many organizations to do this well. This includes the Oregon Department of Human Services to connect foster families with PFA and the Multnomah Early Childhood Program to connect families who have children with developmental delays and disabilities. Last year, 31 staff from community based and governmental organizations attended our family application information sessions.

This spring we sent PFA postcards to almost 7,000 families on the Oregon Health Plan. We partnered with Health Share to identify eligible children. Each family received a postcard about the PFA family application in their preferred language.

This program year we have also built a presence at community outreach events (along with our FCO partners) that specifically targets our priority populations. Our FCO partners and PEL staff support families with the application process and collect contact information for interested families at these monthly community outreach events.

Recommendation 7

Add more training on culturally responsive and accessible preschool.

We agree with this recommendation and are creating additional training opportunities this year. Teachers and assistants that work in state licensed childcare facilities are required to have minimum training hours in these subject areas. PFA is building upon that core knowledge that we expect all PFA providers to have.

PFA has offered training and will continue to offer courses connected to equity, cultural responsiveness, and inclusion. The following trainings will be offered for this spring and upcoming fiscal year:

- Foundation of Anti-Bias Education
- Equity Empowerment
- Recommitting to Anti-Bias Education with the Threads of Justice Collective
- Antibias Preschool Tools and Practices
- Culturally Responsive Preschool Systems
- Trauma-Informed and Strengths-Based Practices

Recommendation 8

Provide instructions to family navigator organizations, encouraging them to visit and get to know at least some preschools.

We accept this recommendation. Starting in summer 2025, we will invite Family Navigator partners to preschool site visits. This will give them additional information to share with families about the different types of preschool settings in our mixed delivery system.

Recommendation 9

Add the provider program guide to the website.

We agree with the recommendation to create more transparency for interested providers. We have been working this year to develop a [provider resources page](#) for the website. The page is live and includes the program guide, a sample contract, key PFA policies, and resources. We will continue to add more to the page as we get new questions and requests from providers.

Recommendation 10

Create a system to improve data tracking of all preschools that have applied, the outcome, and the reason for the outcome.

We accept this recommendation and have already begun taking steps to make significant improvements to our data tracking process. The preschool application and allocation workflow has been refined to assure consistent documentation throughout the process.

In addition, we will be working on a process to identify a customer relationship management (CRM) system that will organize information about prospective and current preschool providers. We are planning for the CRM to hold data about provider application and qualification, seat allocation, reporting, and contract monitoring.

Recommendation 11

Create and implement a process for engaging with preschools that have applied but did not participate.

We accept this recommendation. Expanding the number of PFA providers by engaging preschools who have demonstrated interest by applying but chose or were not able to participate has been a top priority for the program's pilot phase.

PFA's FY26 submitted budget included a new Preschool Partnerships Coordinator. Part of that new role will be to create and implement improvements to PFA's current provider application process, including connecting with and supporting interested providers. This will include:

- Outreach and communication prior to the application process
- Invitations to information sessions
- Communication about changes to PFA requirements
- Updates to the website and frequently asked questions
- Data tracking, including why providers choose not to participate in PFA
- Gathering feedback from providers to inform future program improvements

Recommendation 12

Create and implement a formalized mechanism for preschools of various sizes (both participating and not participating) to provide input on the Preschool for All program.

We accept this recommendation. PFA agrees that there needs to be a formal way for providers to give feedback about Preschool for All. We are currently developing a PFA Provider Advisory Group. The application for interested providers to join the advisory group will open in mid-April. That group will include current PFA providers and providers who are not participating in the program. Group members will include small and large preschool providers.

PEL will use the group's ideas and suggestions to inform changes to Preschool for All. The group will support PFA's efforts to meet the needs of preschools across the community. This will create a stronger and more equitable early learning system grounded in the investments our community made through Preschool for All.

Recommendation 13

Work with central purchasing and the county attorney to review contract requirements for opportunities to reduce burdens on preschools, while still protecting the county. Consult with the county equity contracting group as a resource.

We accept this recommendation. Our team is always looking to reduce barriers for providers while ensuring that children and families have positive PFA experiences. Central Purchasing and the County Attorney's Office have been great partners to PFA. We appreciate their openness to discussing potential changes. Provider contracts for 2025-26 include updates to the intellectual property clause to address provider concerns. PEL also worked with Central Purchasing this year to adapt the procurement process for currently contracted providers. This change will reduce the administrative burden for providers.

We are working to schedule a meeting with the equity contracting group. We look forward to learning more about how we can leverage their expertise.

Recommendation 14

Publicly report annually on the progress of the facilities fund. Include updated analysis on the estimated number and capacity of existing private and public preschools, as available data allows.

We accept this recommendation. We agree that this data is essential to report and plan to share yearly updates on the progress of the facilities fund, beginning with the April 2025 PFA Board briefing. PEL will include updated analysis on publicly funded seats and private-pay seats in the community as that data is available.

Recommendation 15

Specify and communicate facility fund guidelines to include requirements for creating Preschool for All seats specifically.

We accept this recommendation. Our current review process includes ensuring that the amount of PFA grant funding is aligned with the number of intended PFA seats that the project will create. The numbers below reflect the expected number of PFA seats based on funding levels. These are based on \$25,000 per new PFA seat:

- Projects that receive \$1M for new center development should create 40 or more PFA seats
- Projects that receive \$750,000 for new center development should create 30 or more PFA seats
- Projects that receive \$500,000 for new center development should create 20 or more PFA seats

PEL may consider exceptions to these numbers, such as when the project is happening in multiple stages (and the number of PFA seats is expected to grow over time), when the project is located in a high-needs area, when the project also benefits other publicly funded preschool seats, or it is a program that meets an identified strong community need.

We are working with our partners at BuildUp Oregon to include these expectations in the updated program guidelines.

Recommendation 16

Adjust reporting requirements for academic navigators to better monitor if the investments are building new teacher capacity.

We accept this recommendation. It's important that the reporting for PFA's workforce development efforts help us understand both the short and long term effects of these investments. This includes post graduation metrics. We are currently working with our partners to update our requirements and ensure that they gather post graduation data.

Sincerely,

A handwritten signature in black ink that reads "Jessica Vega Pederson". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Jessica Vega Pederson
Multnomah County Chair

Auditor's Response to the Response Letter

Jennifer McGuirk, Multnomah County Auditor



**Multnomah County
Auditor's Office**

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Michelle Greene
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Annamarie McNiel
Kate Milne
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Sura Sumareh
Cheryl Taylor
Mical Yohannes
Caroline Zavitzkovski

Date: April 7, 2025

To: Jessica Vega Pederson, Multnomah County Chair

From: Jennifer McGuirk, Multnomah County Auditor

RE: Preschool for All response letter

As I shared with you at our meeting on April 4, on occasion my office may find that management's response conflicts with my office's findings, conclusions, or recommendations. In those instances, generally accepted government auditing standards direct me to explain my reasons for disagreement in writing and include them in the audit report (standard 9.52).

My office disagrees with management's response to our first recommendation. That recommendation reads as follows:

We recommend that the Department of County Human Services, no later than May 1, 2025:

1. Develop and implement a process to verify the accuracy of families' application answers used for priority weighting. At a minimum, the process should verify income with documentation, since income is the highest weighted and is straightforward to document.

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My office made this recommendation to reduce a fraud risk that management raised during our meeting about the audit report's working draft. My office had identified this potential risk, but the discussion at the working draft meeting elevated the risk. In particular, management expressed concern that people could claim to belong to priority groups when, in actuality, they do not. This concern made Preschool for All staff hesitant to disclose any information about how priorities are weighted during the application process.

But as I told you via email on March 19 (email pasted below), limiting information about priority weighting is not a way to reduce the potential for fraud. I also told you in that email that my office would make a recommendation related to developing an appropriate internal control for reducing the fraud risk. The fraud risk is why my office assigned a May deadline for the recommendation.

Given this risk, it is concerning to me that the response to the recommendation included that "PFA is committed to reviewing this recommendation further." Your commitment should not be to reviewing the recommendation, but to implementing it as soon as possible to support the program's integrity.

The current approach, in which income is not verified, could affect which families can get into the program. For the 2025-26 school year, Preschool for All plans to reimburse participating preschools at a rate of \$25,000 a year for each child attending year-round care. Families who are able to get into the program do not have to pay this \$25,000 per year cost. Not having a detective control is a disservice to families who cannot afford preschool and need access to Preschool for All, and to taxpayers who voted for Preschool for All with the understanding that it would prioritize communities that have historically had less access to preschool.

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I disagree that Preschool for All staff could not implement a mechanism by May 1 to verify that applicants are accurately representing that they meet the program's income criteria for prioritization. This mechanism could include directing participating preschools to verify income for newly enrolled students who claim they meet income criteria – just as they already verify that a child meets the program's eligibility requirements. Preschool for All would not have to change the initial application process for families, since the application already says that families may be asked for proof of income.

Preschool for All could also implement this mechanism without storing any additional data. Participating preschools are not required to store documentation that they verify student eligibility; they just need to acknowledge that they reviewed the documentation. The same approach could be taken to verifying income. The recommendation language is broad enough that Preschool for All staff can decide how to implement it in a way that is not burdensome.

Your response also included "Our approach is consistent with other universal preschool programs - verification is tied directly to eligibility." But Preschool for All is not yet a universal program. At this time, it is inaccurate for you to position it as equivalent to universal programs. Outreach to potential participants is focused on priority groups, and decisions about priority weighting levels and which groups are prioritized affect which children can get into the program. This means Preschool for All is a priority-based program right now, and you should manage it accordingly.

Email message sent on March 19, 2025 from Auditor McGuirk to Chair Vega Pederson.

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Hello, Chair Vega Pederson,

I'm writing to close the loop on an item in the Preschool for All audit report.

In the written feedback on the Preschool for All audit report, and in our working draft meeting, attendees asked my office not to include information on how applications are weighted. Reasons given were that people would start to select particular priorities, or perhaps all priorities, if they knew how the priorities were weighted, negatively impacting the efficacy of the prioritization process in total.

We explained several times during the meeting that program management would need to provide evidence explaining why publishing the weighting would negatively impact the program. The evidence provided by the program was not relevant or sufficient, as it was related to guidance providers have given to people about how to get into family homeless shelters. (I would also argue that this is information families should have; how to access family shelter should not be a mystery.)

I also looked for evidence about negative impacts of publishing the weightings, and did not find any. I did find several examples of jurisdictions that publish their weightings for preschool enrollment.

During the course of this audit, the team learned that the program asks applicants to attest that their applications are truthful. While this is a good step, the program currently does not verify the accuracy of the application questions used for prioritization (it does have preschools verify documents for eligibility criteria at the time of enrollment). This means there is already a risk that there are preschoolers in the program who are not in one or more of the priority groups that they have claimed. In

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other words, the risk that the program wants to avoid by omitting the weighting information from the report - that people are making fraudulent claims in their applications - already exists.

What the county needs to do is establish one or more detective controls to reduce the risk of fraud to a level that management accepts. Many jurisdictions require proof of income, for example. Some jurisdictions do this by asking individuals if they receive Medicaid, SNAP, or other assistance. There are a number of ways the county could and should reduce this risk. We will be adding a recommendation to that effect in the report. But limiting access to information about weighting is not one of them.

We will not be removing the information from the report. You will receive the final draft in the near future.

Thank you,
Jennifer

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