MULTI-YEAR FINANCIAL PLANNING PROCESS/FINANCIAL FORECAST

Beginning in FY 2014, the County undertook a more comprehensive multi-year General Fund budgeting process - the development of a two-year budget framework. The two years include the budget proposed to the Board of Supervisors (FY 2020) and the subsequent year framework (FY 2021). In this way, County staff throughout the organization will be able to more completely outline the prospective issues that will need to be addressed as part of the budget process for the following year, more clearly demonstrate the impact of decisions in the budget being adopted, and lay out a more accurate projection for the next year, as well as any associated options for balancing that budget. The process will culminate in the adoption each year of the annual budget, as required by State Code.

SUMMARY OF THE FY 2020 AND FY 2021 MULTI-YEAR BUDGET

The current forecast for FY 2021 indicates a challenging budget environment similar to FY 2020. Revenue growth is projected at a modest 2.01 percent assuming no tax rate increases. Between this revenue growth and savings as a result of reserve adjustments, available resources would allow County disbursements and support for the Fairfax County Public Schools to increase by approximately 2.16 percent. As a result, $45.41 million would be available for County funding priorities and total County support for the Schools would increase by $50.70 million.

	County	$ in Millions	Schools
Available Funding	$42.28	Additional County Base Revenue ($89.49)	$47.21
	$3.13	Reserve Savings ($6.63)	$3.50
	$45.41	Total Available	$50.71

The Schools continue to be the County's top funding priority, and the division of available resources shown in the table above would provide total support for the Schools at 52.7 percent of disbursements, approximately the same share as in the FY 2020 Adopted Budget Plan. School debt service requirements are projected to increase $4.18 million. The transfer for School operations would increase by $46.53 million, as shown in the table below. As a result, FY 2021 support for the Schools would include transfers of $2.18 billion for operations, $202.2 million for debt service, and $13.1 million for construction.

	FY 2021 (in millions)
School Allocation	$50.71
Debt Service	$4.18
Construction	$0.00
Increase in School Operations Transfer	$46.53

Meanwhile, disbursement requirements continue to increase both as a result of the factors that drive expenses in the County and Schools budgets, such as population growth and employee compensation increases, and as a result of the need to address the priorities of the community, including reductions in class sizes and continued implementation of the Diversion First program. The available resources identified for FY 2021 will fund only a small subset of these priorities. The projected increase in the transfer for School operations of $46.53 million will only be sufficient to fund enrollment growth and partially fund employee compensation increases. Similarly, the priorities that have been identified by County agencies exceed the projected resources available. As shown in the table below, employee compensation increases and increases in employer costs for fringe benefits exceed the County allocation of $45.41 million by $10.49 million. In total, the priorities that have been identified by County agencies for consideration in the FY 2021 budget exceed projected resources by $75.18 million. It should be noted that this amount does not include the impact of increased Metro funding requirements or implementing a body-worn camera program, which are identified below as potential FY 2021 requirements for which costs have not yet been defined. Balancing the FY 2021 budget will require difficult decisions regarding which priorities to fund, which to exclude or delay, and whether programmatic reductions should be made in other areas or revenue enhancements should be considered. It should be noted that reserve requirements have been included in the figures below for the amount of disbursement increase that is supportable by projected revenue growth, but have not been included for the identified disbursement increases that exceed projected available resources.

	FY 2021 (in millions)
County Allocation	$45.41
Employee Pay	$47.40
Employee Benefits	$8.50
Net Balance	($10.49)
Other Priorities	$64.69
Net Balance	($75.18)

The projections for revenues and expenditure requirements included in the following sections are an early forecast of the challenges that will be faced in the coming budget cycle. Other funding priorities are likely to develop prior to the release of the FY 2021 Advertised Budget Plan.

Development of the FY 2021 budget will span the majority of the next year. The next step in the process will be a series of joint meetings between the Board of Supervisors and School Board in the fall. Updated projections will be presented at those meetings to provide a better picture of anticipated revenues based on the most recent data, and the inventory of County and School priorities will be refined based on input from the two boards.

REVENUE ASSUMPTIONS

Based on the assumptions and estimates detailed below, General Fund revenues are projected to experience an increase of 3.07 percent in FY 2020 as a result of a 3.60 percent rise in real estate assessments, as well as modest growth in other revenue categories. **General Fund revenue growth of 2.01 percent is currently projected in FY 2021.** Revenue growth rates for individual categories are shown in the following table:

Category	Actual FY 2018	Projections FY 2019	FY 2020	FY 2021
Real Estate Tax – Assessment Base	1.89%	3.59%	3.60%	2.25%
Equalization	0.97%	2.58%	2.45%	1.30%
Residential	0.68%	2.17%	2.36%	1.00%
Nonresidential	1.85%	3.79%	2.71%	2.00%
Normal Growth	0.92%	1.01%	1.15%	0.95%
Personal Property Tax – Current[1]	1.59%	1.70%	1.28%	1.50%
Local Sales Tax	3.13%	2.50%	3.46%	2.50%
Business, Professional and Occupational License (BPOL) Taxes	4.45%	4.38%	2.35%	1.50%
Recordation/Deed of Conveyance Taxes	(0.71%)	(10.87%)	0.00%	1.00%
Interest Rate Earned on Investments	1.61%	2.62%	3.00%	3.00%
Building Plan and Permit Fees	0.43%	3.28%	(1.57%)	1.00%
Charges for Services	1.21%	0.45%	0.56%	1.41%
State/Federal Revenue[1]	(0.81%)	0.11%	2.27%	0.00%
Total General Fund Revenue	**2.15%**	**4.29%**	**3.07%**	**2.01%**

[1] The portion of the Personal Property Tax reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 is included in the Personal Property Tax category for the purpose of discussion in this section.

Economic Indicators and Assumptions

Economic projections for the national and local economies were reviewed from a variety of sources in the development of these revenue estimates including IHS Markit, the Congressional Budget Office and the National Association of Realtors. Projections specific to Fairfax County are obtained from economic forecaster IHS Markit.

According to estimates from IHS Markit, the County's Gross County Product (GCP), adjusted for inflation, increased at a rate of 1.9 percent in 2017, and growth accelerated to an estimated 3.3 percent in 2018. The region's economic performance was impacted temporarily by the 35-day partial government shutdown in the beginning of 2019. According to Dr. Stephen Fuller, a George Mason University professor, 40 percent of the region's 360,000 federal workers were furloughed or worked without pay and 25 percent of the federal contractor workforce was laid off during the shutdown. While the full impact of the shutdown in the long-term is unclear and hard to quantify, it did impact the economy negatively in the short-term as a result of reduced spending by federal workers. Some of the costs were also transferred to local governments in the form of higher public assistance expenditures and lower tax revenues. The region's economic outlook is facing more uncertainty in the fall of 2019. Absent a new deal on the federal budget by Congress, the sequester-level discretionary spending caps are scheduled to return on October 1, 2019, which could translate into lower procurement contract spending for the region.

Real Estate Taxes

Based on the assumptions below, the total Real Estate Tax base is expected to rise 3.60 percent in FY 2020 and 2.25 percent in FY 2021.

Local Housing Market

Based on information from the Metropolitan Regional Information System (MRIS), the average sales price of homes sold in Fairfax County rose 1.9 percent from $567,829 in 2017 to $578,723 in 2018. Home prices continue to increase primarily as a result of tight inventory of homes for sale. Since 2009, the average home sales price has risen 38.7 percent, or an average annual growth of 3.7 percent. MRIS also reported that 15,683 homes sold in the County in 2018, down 2.6 percent from 2017. Homes that sold during 2018 were on the market for an average of 52 days, down from 61 days in 2017.

After increasing 2.17 percent in FY 2019, residential values rose 2.36 percent in FY 2020. An increase of 1.00 percent is anticipated in FY 2021. Declining housing affordability in the County is an issue that impacts the housing market. According to the Northern Virginia Association of Realtors, the biggest demographic for homebuyers in the region now are Millennials and Generation Y. They are first-time homebuyers who will likely have a hard time being able to afford a home in the County. The ongoing impact of federal government shutdowns brings uncertainty, which bleeds into the housing market as well.

Local Nonresidential Market

According to the Fairfax County Economic Development Authority, the direct office vacancy rate at year-end 2018 was 14.9 percent, down from 15.5 percent at year-end 2017. The overall office vacancy rate, which includes empty sublet space, was 15.5 percent at year-end 2018, down from 16.3 percent recorded at year-end 2017. The amount of empty office space fell to 18.4 million square feet. Industry experts expect vacancy rates to remain relatively stable through 2019 as tenants monitor economic conditions and the direction of the federal budget.

Office leasing activity topped 9.6 million square feet by the end of 2018. As has been the case for the past several years, the overwhelming majority of leasing activity during 2018 involved renewals and consolidations. Lease rates for new space are adjusting to market conditions as many tenants are taking advantage of favorable rates, and others are looking to capitalize on market conditions by consolidating operations in newer space near Metro stations. Submarkets along and near the Silver Line – Tysons, Reston and the Herndon area – are especially well-positioned to take advantage of this trend. More than 54 million square feet of new office space is in the development pipeline countywide.

In FY 2020, nonresidential values increased 2.71 percent due to equalization compared to 3.79 percent growth in FY 2019. Office Elevator properties (mid- and high-rises), the largest component of the nonresidential tax base at 31.0 percent, experienced an increase of 3.32 percent in FY 2020 after increasing 2.82 percent in FY 2019. In FY 2021, the overall value of all types of nonresidential properties is projected to increase 2.00 percent over FY 2020. In the commercial market, there have been shifts in tenant relocations to new on-Metro submarkets, with increases in vacancy rates of office space located off-Metro. There is also the continued movement to decrease footprint in new leases. Developers are also facing rising costs of construction. In non-office property types, vacancy rates are currently low, with little room for further improvement. As a result of these factors, growth in nonresidential values is projected to slow down in FY 2021.

New Construction

The Real Estate Tax base will also be impacted by new construction in the County. At year-end 2018, office development continued around Metro stations in the Silver Line corridor and in other areas of the County as well. Six office buildings totaling more than 1.5 million square feet were underway in three submarkets in December 2018. The amount of new space delivered in 2018 – more than 1.5 million square feet – exceeded the roughly 870,000 square feet delivered in 2017. Based on current activity, total new construction is projected to add 0.95 percent to the overall real estate base in FY 2021, a rate slightly lower than FY 2020.

Personal Property Taxes

Current Personal Property Tax revenue, which represents more than 14 percent of total General Fund revenue, is anticipated to experience an increase of 1.3 percent in FY 2020 due to a projected increase in the vehicle levy, as well as an increase in the Business Personal Property levy. The vehicle component comprises 77.0 percent of the total Personal Property tax levy. Personal Property Tax revenue is projected to increase 1.5 percent in FY 2021.

Other Major Revenue Categories

Sales tax receipts increased 3.1 percent in FY 2018. Based on year-to-date collections through May, growth of 2.5 percent is projected in FY 2019. Sales Tax receipts in FY 2020 are projected to rise 3.5 percent over the FY 2019 estimate based on the anticipation that consumer spending will increase moderately throughout FY 2020. Additional revenue is anticipated as a result of new state legislation passed by the General Assembly relating to the collection of online sales taxes in response to the provisions of the U.S. Supreme Court decision in the *South Dakota v. Wayfair, Inc.* case. Growth of 2.5 percent is projected for FY 2021. BPOL (Business, Professional and Occupational License) tax receipts are sensitive to economic conditions and are particularly impacted by federal procurement spending in the County as the Consultant and Professional Business Services categories compose almost 42 percent of total BPOL receipts. Total BPOL receipts are anticipated to increase 4.4 percent in FY 2019, the same rate as the one experienced in FY 2018. Receipts are projected to grow 2.4 percent in FY 2020 and 1.5 percent in FY 2021. Recordation and Deed of Conveyance revenues, which are paid for recording deeds, are anticipated to be down 10.9 percent in FY 2019 primarily due to declines in mortgage refinancings. No growth is expected in FY 2020 and a 1.0 percent increase is projected in FY 2021.

Building permit fee revenue is forecasted to be slightly down in FY 2020 and up 1.0 percent in FY 2021. Other permits, licenses, and user fees are expected to experience modest growth throughout the forecast period.

Revenue from Interest on Investments is highly dependent on Federal Reserve actions. The federal funds rate was increased four times throughout 2018 and now stands at a range of 2.25 percent to 2.5 percent. The Fed did not raise rates in its March and June 2019 meetings and downgraded its expected rate path to signal that no rate increases are likely in 2019. The Fed said the labor market "remains strong" but economic growth has "slowed from its solid rate in the fourth quarter." Many expect that the Fed is preparing to cut interest rates as early as July 2019, should economic conditions worsen. The average annual yield on County investments is anticipated to be 3.00 percent in FY 2020 and remain at this level in FY 2021.

State and federal revenue categories are expected to increase 2.3 percent in FY 2020 and then remain level in FY 2021. Staff will continue to monitor the impact of state and federal spending on County funding streams.

DISBURSEMENT PRIORITIES

The disbursement requirements and priorities that have been identified through the FY 2020 and FY 2021 multi-year budget process are discussed below. Among these items are basic requirements such as funding of County and School debt service, employee pay increases and benefit cost increases, increases resulting from budget drivers such as increased workloads and School enrollment, and implementation of programs that have been identified as Board priorities. In addition to the costs noted below, the County's reserve policy requires that an amount equal to ten percent of any increase in General Fund disbursements be allocated between the Managed Reserve, the Revenue Stabilization Fund and the Economic Opportunity Reserve.

The items identified below and associated expenditure levels will be revalidated during the FY 2021 and FY 2022 multi-year budget development process in light of updated data and revenue projections. However, the increases that could be accommodated within the modest revenue growth that is currently projected are limited to funding of benefit cost increases and funding increases resulting from School enrollment growth, with partial funding of employee pay increases. Therefore, in order to develop a balanced budget and address Board priorities, it will be necessary to consider revenue enhancement options and programmatic reductions or to defer some of these items to FY 2022 or beyond.

Fairfax County Public Schools (FCPS)

An increase in the transfer to the Fairfax County Public Schools for operations will be required to support enrollment and demographic changes, employee compensation increases including the investment in the teacher salary scales as part of a multiyear plan to bring teacher salaries to the market average, benefit cost increases, and instructional resources. In addition, FCPS' strategic plan will require additional, long-term investments, and previously identified unfunded needs including reducing class sizes at middle and high schools; special education needs for elementary enhanced autism and other programs; school counselors; eliminating pre-K waitlists; replacing computers, equipment, scoreboards, and buses; and investing in critical capital infrastructure requirements including aging infrastructure needs such as preventive and major maintenance. It is anticipated that guidance regarding the increase in the County transfer for operations will be developed during the joint meetings of the Board of Supervisors and the School Board. It should be noted that each one percent increase in the transfer for operations is approximately $21.36 million.

For the purposes of this projection, it has been assumed that County disbursements and County support for the Schools will both increase at the same rate in FY 2021. As a result, total County support for the Schools is projected to increase by approximately 2.16 percent, or $50.71 million. This amount comprises an increase of $46.53 million for school operations and an increase of $4.18 million for debt service based on the size of bond sales for School facilities. The County transfer to the School Construction Fund is expected to remain at $13.1 million.

Employee Pay

For purposes of the FY 2021 plan a $47.40 million placeholder for employee pay increases is used. This placeholder includes:

1) Market rate increases (MRA) for all employees are included based on an assumed 1.5 percent MRA, at an estimated cost of $21.10 million. The actual MRA, based on the previously agreed to funding calculation, will be calculated in the fall of 2019. The MRA increase in funding is applied to employee salaries at the beginning of the fiscal year. The MRA provides a guide to the amount of pay structure adjustment needed to keep County pay rates competitive with the market.

2) Funding of $13.90 million is required for General County employee pay increases, which reflects the performance and longevity program for all eligible General County employees approved by the Board of Supervisors in fall 2014 and implemented in FY 2016. The funding reflects increases effective July 2020 for graduated performance increases, based on where employees are on the pay scale, and the 4 percent longevity increases provided to employees who reach 20 or 25 years of service as of June 30 each year. The performance increases range from 3 percent for employees within 15 percent of the bottom of the pay scale to 1.25 percent for employees within 25 percent of the top of the pay scale. The average increase in FY 2021 is projected to be 2.0 percent.

3) Funding of $9.90 million is required for public safety pay increases which reflect merit and longevity increases for all eligible public safety employees. The funding reflects the full-year impact of merit and longevity increases provided to uniformed employees in FY 2020 and the partial-year costs for merit and longevity increases provided to uniformed employees in FY 2021 since all increases are effective on the employee's anniversary date. Merit increases are awarded to public safety employees as they progress through the pay scale. Public safety employees who have reached a combination of length of service (15 and 20 years) and have otherwise reached the top step of their pay scale are eligible for longevities. Merit and longevity increases are each 5 percent for public safety employees. In any given year between 40 and 50 percent of public safety employees are eligible for one or the other.

4) A placeholder of $2.50 million is included in FY 2021 for compensation adjustments that would result from the annual review of County job classifications. The process for review uses representative job classes from among job families and compares pay levels with competitors in the local job market.

Fringe Benefits

A total increase of $8.50 million is required for benefits for FY 2021, primarily as a result of increases for health insurance ($6.00 million) and retirement ($2.50 million). These amounts include the projected impact of increases in employer contribution requirements for General Fund employees as well as adjustments required to support fringe benefit costs in General Fund supported funds.

Health insurance cost increases are primarily the result of actual experience in the County self-insured health plans. The estimated increases in FY 2021 total $6.00 million, based on projected 5.0 percent premium increases for all health insurance plans in plan years 2020 and 2021. It should be noted that these premium increases are budgetary projections only, and final premium decisions are made in the fall prior to the beginning of each plan year based on updated claims experience.

Also required in FY 2021 is a net $2.50 million increase for fiduciary requirements associated with the County's retirement systems. Preliminary estimates of the FY 2021 employer contribution rates indicate that an increase will be required to reflect the impact of investment performance over the prior three-year period.

Other Funding Requirements

In addition to pay and benefit requirements for County employees, other priorities included in the forecast total $64.69 million. These priorities are outlined by funding category below.

Staffing requirements identified for FY 2021 include 102 additional positions. These positions are identified based on current and planned conditions and service requirements. As part of the FY 2021 budget development process, all position requirements will be reviewed thoroughly and workload requirements analyzed prior to inclusion in the FY 2021 budget. As new information becomes available additional positions may be identified.

Debt Service and Capital Construction

An estimated increase in debt service of $5.36 million is identified for FY 2021 to reflect the required costs for County bond projects supporting the County's Capital Improvement Program (CIP). This estimate is consistent with the projects outlined in the CIP and will be refined based on the timing of bond sales and cash flow requirements at the time of the sale. The actual debt service requirement will be based on the size and timing of the sale and the interest rate received by the County.

A significant increase in capital construction funding is needed in order to meet the County's backlog of requirements, primarily infrastructure upgrades and replacements at County-owned facilities. An increase of $10.00 million is identified at this time for FY 2021. As capital requirements are refined over the upcoming year, this amount will be revisited and priority projects will be identified for its use.

Public Safety

Multi-Year Public Safety Staffing Plan

As part of its budget guidance for the development of the FY 2019 budget, the Board of Supervisors directed staff to develop a revised five-year, fiscally-constrained public safety staffing plan that meets the most pressing public safety needs of the County. The revised FY 2019 – FY 2023 plan includes priorities divided between two tiers. Tier One priorities identify the most critical and immediate staffing needs, while Tier Two priorities represent other critical needs. In total, the revised plan identifies 241 additional positions at a cost of $40.55 million. Tier One priorities include 141 positions at a cost of $25.11 million and Tier Two priorities include 100 positions at a cost of $15.44 million.

Funding in the amount of $6.00 million for 29 positions is included in the FY 2020 Adopted Budget Plan for Tier One priorities. Tier One priorities totaling $9.23 million and 51 positions have been identified for FY 2021. FY 2021 funding and position increases associated with Tier One priorities, as well as other Public Safety priorities for FY 2021, are outlined by agency below.

South County Police Station

An increase of $4.05 million is identified for FY 2021 to support 16/16.0 FTE positions, reflecting the fifth year of a multi-year process to staff the South County Police Station. It is estimated that 70/70.0 FTE uniformed positions and 10/10.0 FTE associated support staff will be required to fully staff the station. A phased staffing approach was adopted based on the large number of staff required and the significant lead time associated with hiring and training new recruits. This approach also allows for continued analysis to ensure that current staffing estimates are accurate. A total of 37/37.0 FTE positions were added in FY 2017, FY 2018 and FY 2019 to begin the staffing process. The FY 2020 Adopted Budget Plan includes an additional 17/17.0 FTE positions. It is anticipated that the 10 support positions will be included in FY 2022.

Department of Public Safety Communications

As a result of the transition to Next Generation 911, the Department of Public Safety Communications anticipates increases in call volume and the complexity of 911 calls. An increase of $1.02 million is identified for FY 2021 to support 10/10.0 FTE positions, reflecting the second and final year of a multi-year process to increase dispatchers. The FY 2020 Adopted Budget Plan includes an additional 10/10.0 FTE positions.

Fire Station 44 – Scotts Run

An increase of $4.16 million is identified for FY 2021 to support 25/25.0 FTE positions to staff Fire Station 44, Scotts Run. In early 2013, land as well as design and construction of a second fully functional fire station in Tysons East was negotiated through a development partnership to support future growth in Tysons. The station is anticipated to open during FY 2021. Additional one-time costs related to the opening of the station will be included as part of a future quarterly review.

Police Department

Body-Worn Cameras

Based on the recommendations of the Ad-Hoc Police Practices Review Commission, the Board of Supervisors approved a pilot body-worn camera program. The pilot provided the Police Department with the opportunity to review police and community member encounters as they occur, as well as provide an additional degree of safety for officers as they patrol the streets. Cameras were worn on the outside of the officer's uniform or ballistic vest on a full-time basis to evaluate the technical merits of the software and equipment. In addition to the technical evaluation of the equipment, the Police Department partnered with researchers to gather and study data over the course of the pilot program. Researchers are conducting a comprehensive evaluation of the effects the pilot body-worn camera program will have on use of force statistics, the number of community member complaints, changes in policing activities and the community members' assessment of police legitimacy, a full report is expected in the first quarter of 2019. If the Police Department moves forward with full implementation, positions and funding will be required to support the program. Staff is working on developing estimates of these costs based on the experience of the pilot program.

Electronic Control Weapons (ECW)

The Ad-Hoc Police Practices Review Commission recommended several changes to the Police Department's current practices on Electronic Control Weapons including mandating that all uniformed officers in enforcement units carry an ECW on their person when on patrol, as well as mandating that all detectives and plain clothes officers regardless of rank carry an ECW in their vehicles when on duty. An increase of $0.25 million is identified for FY 2021 to support this initiative.

Fire and Rescue Department

An increase of $2.0 million is required to support a multi-year process to gradually increase the annual contributions to the Large Apparatus Replacement Fund and the Ambulance Replacement Fund. It should be noted that $1.775 million in baseline funding was included for this purpose in the FY 2017 Adopted Budget Plan. Due to budget constraints, no additional baseline funds have been available for this purpose in subsequent fiscal years.

This funding would be in addition to the department dedicating additional grant funds, additional baseline funds and one-time contributions in support of this effort. Additional contributions are required due to the increasing cost of vehicles and fleet growth. Without additional funding, the replacement reserves will be depleted in the near future. Starting in FY 2014, the Fire and Rescue Department (FRD) has increased its baseline contribution to the Large Apparatus Reserve by $250,000 and has supported some ambulance purchases through the use of Four-for-Life grant funds. FRD, with the assistance of the Department of Management and Budget, has developed several scenarios with the goal of stabilizing the replacement reserve and ensuring sufficient funding is available in future years.

Department of Animal Sheltering

An increase of $0.20 million is identified in FY 2021 to support 2/2.0 FTE positions. These positions are required to perform administrative functions such as budgeting, human resources, purchasing, information technology support, and other related functions. The Department of Animal Sheltering currently relies on the Police Department to perform these critical functions as administrative support positions were not included when the department was created as an independent agency.

Human Services

Health and Human Services Resource Plan

A Health and Human Services Resource Plan (Resource Plan) was first developed in the fall of 2017 through a collaborative effort with Health and Human Services (HHS) staff, the Department of Management and Budget, and the Human Services Council. FY 2020 is the second year of the Health and Human Services Resource Plan, which is now coordinated through the Office of Strategy Management for Health and Human Services. The Resource Plan is intended to be a "living" document with multiple versions throughout the year. The Resource Plan:

- Identifies priority funding needs and, per Board of Supervisors guidance, is a fiscally constrained document; it is not intended to be a wish list of funding items.
- Captures new funding needs, it does not include funding currently in the budget.
- Is not a funding commitment but a planning document to help inform funding decisions as they relate to the budget process. It is not intended to replace the budget process.
- Takes into account the priorities already established by the Board of Supervisors and the Health and Human Services System.

The Resource Plan identifies funding priorities for the next three fiscal years, FY 2020 through FY 2022, and is aligned with the Human Services Needs Assessment (2016). The current Resource Plan only includes new funding needs which are supported by the General Fund. Many programs, such as Bridging Affordability, rely on significant non-General Fund resources. This document has not yet taken these non-General Fund resources into account but will do so in a later version. Additionally, the Resource Plan will be extended to include five years, as directed by the Board of Supervisors, once the initial three-year plan is tested and refined. Future versions of the document will also incorporate the Capital Improvement Program (CIP) and facility costs required to fully support service delivery objectives.

Items listed on the Resource Plan that are funded by the Board of Supervisors will be integrated into the Adopted Budget Plan and therefore, will become part of the baseline budget. Items that are not funded will be integrated into the out years of the Resource Plan or removed if funding needs and priorities change. Staff will reconcile items that are funded, moved to out years of the Resource Plan or removed throughout the budget process. For purposes of the multi-year budget, the January 2, 2019, version of the Health and Human Resources Plan identified FY 2021 funding needs of $20.40 million and 49/47.7 FTE positions, including priorities such as Diversion First, services for people with developmental disabilities, school readiness, school health, Healthy Minds Fairfax, and Opportunity Neighborhoods. For a complete listing of specific funding requirements by program, please see the Health and Human Services Resource Plan, FY 2020-FY 2022.

Parks and Libraries

Park Authority

Operations and Maintenance

Funding of $2.10 million is identified for Park operations and maintenance in each of the seven area maintenance districts. Funding would also provide for increased contracted arboreal work to provide the ability to respond to tree complaints promptly, additional contracted mowing, a natural vegetation classification project, the arts and entertainment program, additional Rec-PAC program sites, planning and archeological support for the development process, energy management and support for an Encroachment Prevention Plan to address encroachment violations on park land.

Social Equity

Funding of $0.65 million has been identified to advance the County's mission of social equity. The Park Authority is taking steps to offer equitable access to classes and RECenters to align with the Board of Supervisors Social Equity Resolution adopted on July 12, 2016. In order to meet the scholarship demands of the growing number of County residents living in poverty so that they may enjoy access to recreational amenities, the Park Authority has identified a level of funding that current resources are unable to bear without General Fund assistance.

Capital Equipment

Funding of $0.50 million has been identified for replacement grounds maintenance equipment which is beyond its life expectancy. Approximately 54 percent of the current maintenance equipment is beyond its useful life or repairs are no longer cost effective.

Community Development

Transportation

As part of the 2018 Virginia General Assembly, legislation was adopted to provide for annual dedicated funding sources to Metro to address long-term capital needs. Current revenue sources dedicated to the Northern Virginia Transportation Authority for the Transient Occupancy Tax and Grantor's Tax, in addition to two statewide revenue sources (state recordation tax currently used to pay bonds from the Northern Virginia Transportation District Fund and motor vehicle rental tax revenues), will be redirected to Metro. Also, a price floor on the regional gas tax was established to provide further dedicated funds to Metro. Additional elements of the legislation focus on the membership of the Metro board, require Virginia operating assistance for Metro to increase by no more than 3 percent annually, and require proper reform measures to be addressed. The implementation of all these components is ongoing with coordination between the County, Metro and NVTC. The County will continue to meet its Metro capital requirement primarily from General Obligation bonds.

In prior fiscal years, a portion of Metro operating funding increases have been accommodated by maximizing one-time available balances in State Aid to the County held at NVTC, which have been drawn down. As a result, additional General Fund support of $30.87 million is required to meet FY 2020 expenditure requirements for Metro, Connector, and VRE. For FY 2021, additional General Fund support will continue to be required. County staff will monitor updates to available state aid balances as part of ongoing forecasting for FY 2021.

Cost of County Operations

Information Technology

Funding of $14.00 million is identified to support critical IT investments designed to improve access to County services, promote government operational efficiencies and effectiveness, and increase performance and security capabilities. Funding is required to support the multi-year implementation of existing projects as well as implementation of new programs such as a new Jail Management System for the Office of the Sheriff and a new Records Management System for the Police Department.

NEXT STEPS IN THE MULTI-YEAR PROCESS

Balancing the FY 2021 Budget

Although the revenue projections and inventory of disbursement priorities included above set the stage for the FY 2021 budget, significant effort will be required to build and balance the budget. While some of the necessary changes will occur naturally over the next year before the release of the FY 2021 and FY 2022 Multi-Year Budget, others will require policy decisions to be made. Adjustments to develop a balanced FY 2021 budget could include efficiencies, reduction options, revenue enhancement options or deferral of a number of the items that have been outlined above. It is anticipated that these decisions will be guided by input received from the Board of Supervisors and School Board through their joint meetings in the fall.

The FY 2021 budget forecast presents a challenging picture as a result of projections that the County will continue to experience constrained revenue growth. The disbursement increases that could be accommodated within the projected revenue growth are limited, and would not address a number of County and Schools items that have been identified based on information available today. However, there is also the potential for changes as more information is available over the course of the next year. The items that need to be funded in FY 2021 will therefore be considered in the context of Board priorities, and decisions will be made by the County Executive on what specific items to recommend for FY 2021 and which items to exclude or delay until FY 2022 or beyond.