



County of Fairfax, Virginia

MEMORANDUM

DATE: August 13, 2008

TO: Board of Supervisors

FROM: Anthony H. Griffin
County Executive

SUBJECT: Federal/State Mandate Information for FY 2008

The annual federal/state mandate report, that monitors County spending for federal and state mandates, is attached. For purposes of this report, the FY 2008 Adopted Budget Plan was used as the basis for the numbers, and agencies were asked to provide data and related information on what mandates they are required to comply with, and if there is any offsetting revenue.

According to information provided by all agencies and funds, the FY 2008 total program expenditure level impacted by federal and state mandates is \$1,306 million, an increase of \$38 million over FY 2007. The County receives Federal/State/User Fee/Other revenue of \$555 million which offsets the expenditures for a net cost to the County for federal/state mandates of \$751 million or 58 percent. The table below shows this data in comparison to the previous three fiscal years.

	Estimated Total Expenditures for Mandates	Estimated Total All Revenue for Mandates	Estimated Net Cost to the County to Comply with Mandates	Net Cost as a Percent
FY 2005	\$1,079 million	\$497 million	\$582 million	54%
FY 2006	\$1,193 million	\$533 million	\$660 million	55%
FY 2007	\$1,268 million	\$553 million	\$715 million	56%
FY 2008	\$1,306 million	\$555 million	\$751 million	58%

As seen in the last column, the net cost to the County to comply with federal and state mandates continues to increase. And, since FY 1996, the average annual growth rate for mandate costs borne by the County continues to be approximately 8 percent per year.

Federal and state mandates continue to cost the County more in expenditures, revenue available to offset those costs continues to lag behind the growth in expenditures, and the net cost to the County is continuing to rise at a steady pace.

The following charts illustrate the general findings of the collected data for FY 2008.

	FY 2008 Estimated Total Expenditures for Mandates	FY 2008 Projected Federal Revenue for Mandates	FY 2008 Projected State Revenue for Mandates	FY 2008 Projected User Fee/Other Revenue for Mandates	FY 2008 Total Net Cost of Mandates	Percent of Total Mandated Expenditures Covered by Total Revenue
General Fund	\$738,435,407	\$27,840,146	\$82,055,537	\$73,702,131	\$554,837,593	25%
General Fund Supported	\$357,996,634	\$6,665,048	\$69,914,648	\$87,555,542	\$193,861,396	46%
Other Funds	\$209,347,601	\$39,283,457	\$0	\$168,263,584	\$1,800,560	99%
Total	\$1,305,779,642	\$73,788,651	\$151,970,185	\$329,521,257	\$750,499,549	43%

The estimated net cost to the County to comply with mandates in FY 2008 is approximately \$751 million for all funds. As a subset of that, the estimated net cost to the County to comply with mandates in just General Fund agencies is approximately \$555 million. If these mandates were fully funded and General Fund funding was not required, the Fairfax County real estate tax rate could be reduced by over 24 cents.

Major changes from FY 2007 include:

- ◆ Total mandated expenditures in General Fund agencies increased approximately \$9 million, or less than 2 percent, primarily in the Public Safety and Non-Departmental (FICA and retirement) program areas, offset by a decrease in Human Services.
- ◆ Total revenues received by General Fund agencies in support of mandates decreased 6 percent, or \$12 million. The decrease is primarily attributed to the loss of federal pass-through funds for the Child Care Assistance and Referral (CCAR) program in the Department of Family Services.
- ◆ For General Fund Supported agencies, there is an increase of \$18 million in expenditures, or approximately 5 percent, primarily in Metro Operations; and an overall revenue increase of \$1.3 million or less than 1 percent.
- ◆ For Other Funds, expenditures increased approximately \$11 million and revenue increased about \$12 million. This was due primarily to projected increases in waste tonnage received at the energy resource recovery facility.

Federal Mandates in 2008

Fairfax County is required to comply with various federal mandates. Many of these mandates cut across a number of County agencies, and others are very specific to a particular program. Examples of federal mandates include the Head Start program for low-income children, the American with Disabilities Act (ADA) and the Health Insurance Portability and Accountability Act (HIPAA).

Compared to all mandated expenditures, in FY 2008 federal mandates make up 39 percent of mandated expenditures, or about \$510 million. And of that \$510 million expended in support of federal mandates, the federal government provides funding for about 14 percent of the cost. About 23 percent of the cost is recovered through user fee/other revenue, less than 2 percent covered with state funding, and the remaining 61 percent of funding supported by Fairfax County. See the table on the following page:

FY 2008 Estimated Expenditures on Federal Mandates	FY 2008 Projected Federal Revenue for Federal Mandates	FY 2008 Projected State Revenue for Federal Mandates	FY 2008 Projected User Fee/Other Revenue for Federal Mandates	FY 2008 Total Net Cost of Federal Mandates
\$510,076,326	\$73,638,149	\$7,445,000	\$115,980,406	\$313,012,771

State Mandates in 2008

In contrast to federal mandates, Fairfax County spends approximately \$796 million in support of state mandates, or about 61 percent of all mandated expenditures. The state reimburses the County for 18 percent of those expenditures; user fees/other revenue generate support for 27 percent; and the County must support the remaining 55 percent of state mandates, at a cost of \$437 million. It should be noted that there is \$150,502 in federal USDA food pass-thru funding associated with state minimum standards for the juvenile detention center operation. Examples of programs operated as a result of state mandates include the real estate assessment program in the Department of Tax Administration, the Land Records program in Circuit Court; and the public safety criminal justice academy. See the table below:

FY 2008 Estimated Expenditures on State Mandates	FY 2008 Projected Federal Revenue for State Mandates	FY 2008 Projected State Revenue for State Mandates	FY 2008 Projected User Fee/Other Revenue for State Mandates	FY 2008 Total Net Cost of State Mandates
\$795,703,316	\$150,502	\$144,525,185	\$213,540,851	\$437,486,778

Further details of the information provided by agencies and funds can be found on “Attachment A - FY 2008 Federal and State Mandates, Detail by Agency.” This attachment reflects information for each of the data elements, as provided by agencies and funds, and is based on the FY 2008 Adopted Budget Plan. In addition, please note for expenditure data that many capital construction funds do not receive annual funding, but rather carry over prior year funding to sustain their activities. Many of their efforts in FY 2008 are directed at supporting mandated requirements; however, previous year funding is not included in Attachment A, as the FY 2008 Adopted Budget Plan was used as the basis for reporting financial data.

- cc: Edward L. Long, Jr., Deputy County Executive
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