

HIGHLIGHTS: FY 2011 ADVERTISED BUDGET PLAN

STRATEGIC FRAMEWORK FOR BALANCING THE FY 2011 BUDGET

▶ FY 2011 Projected Shortfall	<u>\$257.2 million</u>
▶ County Spending Reductions	(\$103.3 million)
▶ 1% Reduction in School Operating Transfer	(\$16.3 million)
▶ Balances Applied/Managed Reserve	(\$37.9 million)
▶ Revenue Enhancements	(\$121.4 million)
▶ Reserve for State Revenue Reductions	<u>\$21.7 million</u>
▶ BALANCE	\$0.0 million

COUNTY BUDGET CHALLENGES (the “Cause” and “Effect”)

- Decreased economic activity and spending continues to impact revenues
- A modest recovery may be underway
- Unemployment rate in Fairfax was 4.6% in December 2009; December 2008 was 3.4%
- County General Fund revenues estimated to decrease 6 %
- Results in forecasted shortfall of \$257.2 million

THE “NEW NORMAL”

- Economic recovery will be less robust than previous recessionary recoveries
- No appreciable growth in services
- Resources focused on core programs
- Reductions are permanent
- Continue to seek and identify creative and innovative ways to do more with less

BASELINE SPENDING REQUIREMENTS

- Preserve the safety net of human services
- Continues funding for Affordable Housing
- Funds Consolidated Community Funding Pool at FY 2010 Adopted Budget level of \$8,970,687
- Includes \$1.0 million for Emergency Support of Community Organizations
- Provides \$2.2 million for contractual rate increases, primarily in human services
- \$5.1 million for CONNECTOR/Metro as result of loss of Dulles Corridor Grant. Proposed increase in CONNECTOR fares from \$1.25 to \$1.50.

HIGHLIGHTS: FY 2011 ADVERTISED BUDGET PLAN

A GENERAL VIEW OF THE FY 2011 ADVERTISED BUDGET PLAN

- Reduces spending by \$103.3 million
 - Expenditure reductions and reorganizations \$57.9 million
 - Accelerated FY 2010 reductions \$35.4 million
 - Fringe Benefit savings \$10.0 million
- A net reduction of 284 merit positions
 - 35 established merit positions in human services abolished
 - 14 positions added to staff new human services facilities and for critical needs
- Eliminates County employee compensation increases for second consecutive year
- 1% reduction in General Fund transfer to the Fairfax County Public Schools
- Recommended Real Estate Tax Rate = \$1.09 per \$100 assessed value, a 5-cent increase
- Uses \$37.9 million from one-time balances
- Other revenue/fee enhancements of \$121.4 million
 - \$1.0 million in School Age Child Care (SACC) fees
 - \$1.0 million in social services revenues based on actual amount received last year for mandated services
- Creates \$21.7 million reserve to offset possible additional state reductions
- ▶ **FY 2011 General Fund Revenue**
 - General Fund revenue totals \$3.24 billion, a decrease of \$78.89 million or 2.38%
 - Real Estate Taxes = 62.1% of total County revenues
 - Revenue from Federal and State govt. = 3.7% (social services, law enforcement, etc.)
- ▶ **Real Estate Property Tax Rate**
 - Proposed increase of 5 cents, from \$1.04 to \$1.09 per \$100 of assessed value
 - Increase will generate \$93.4 million in additional revenue
 - Recommended additional flexibility for the Board of Supervisors' consideration
 - Advertise an increase in the Real Estate Tax Rate of \$1.12 per \$100 assessed value (8-cent tax rate increase)
 - Advertise Vehicle Registration Fee for up to \$33 per vehicle—would generate an additional \$27 million
 - Value of ONE PENNY = \$ 18.67 million
- ▶ **Residential Real Estate Revenue**
 - Approximately 76.15% of base
 - Residential values decreased 5.56% for FY 2011; 4th consecutive annual decline
 - Average home prices fell 6.4% in 2009
 - As of Dec. 2009, 796 foreclosed homes in Fairfax County; Dec. 2008 was 2,008
 - Average number of days to sell a home was 71 days in 2009 vs. 98 in 2008

HIGHLIGHTS: FY 2011 ADVERTISED BUDGET PLAN

Continued: A GENERAL VIEW OF THE FY 2011 ADVERTISED BUDGET PLAN

▶ Non-Residential Real Estate Revenue

- Non-residential values decreased 18.29% in FY 2011
- Available office space in mid-2009 topped 14.1 million sq. feet, an amount equal to half of the total space in Tysons Corner
- Vacancy rates at mid-2009 were 12.7%
- Lack of available credit has brought speculative development to a halt
- Commercial/Industrial percentage of total real estate assessment base in FY 2011 = 19.7%, vs. 22.7% in FY 2010.

▶ General Fund Disbursements

- General Fund Disbursements total \$3.29 billion, a decrease of 3.9% from the FY 2010 Revised Budget Plan
- General Fund Direct Expenditures total \$1.19 billion, a decrease of 7.4% from the FY2010 Revised Budget Plan
- Total recommended FY 2011 budget = \$6.09 billion (all funds)

▶ Public Education

- 53.8% of the budget supports public education
- Combined transfer for School Operating & School Debt Service is \$1.77 billion, a decrease of \$19.3 million from FY 2010
 - Transfer for School Operations = \$1.61 billion
 - Decrease of \$16.27 million or 1.0% from FY 2010 Adopted Budget
 - School Board requested \$1.71 billion, an increase of \$81.9 million or 5.0%
 - Transfer for School Debt Service = \$160.7 million
 - Decrease of \$3.06 million from FY 2010 level

HUMAN SERVICES HIGHLIGHTS

- ✓ Funds 9/9.0 SYE additional positions in the Health Department primarily to replace federal grant funding for critical public health preparedness
- ✓ Provides \$1.8 million and 5/4.27 SYE new positions associated with new facilities:
 - 3/2.27 SYE positions and net funding of \$86,142 for two new SACC rooms at Mount Eagle Elementary School
 - 1/1.0 SYE Public Health Nurse and \$88,891 for the Lutie Lewis Coates and Laurel Hill Elementary Schools that opened in FY 2010
 - 1/1.0 SYE Park/Recreation Assistant and net funding of \$210,397 to aid seniors at new Olley Glen Senior Center

HIGHLIGHTS: FY 2011 ADVERTISED BUDGET PLAN

Continued: HUMAN SERVICES HIGHLIGHTS

- ✓ Agency Efficiencies and Reductions
 - Community Services Board: service reductions
 - Family Services: redesigns and service efficiencies
 - Juvenile Court: reduced placements in Juvenile Detention Center
- ✓ Agency Reorganizations and Reviews
 - Department of Neighborhood and Community Services (consolidation of Departments of Community and Recreation Services & Systems Management for Human Services)
 - System-wide resource and service plan for older adults and people with physical/sensory disabilities
 - System of Care Reorganization (multi-agency effort coordinating mandated children's services)

HUMAN SERVICES STRATEGIC FOCUS AREAS 2010 – 2012

Children's Services

Health Access

Affordable and Stable Housing

Long-Term Care

Cross-System Infrastructure Support

BEYOND FY 2011

- ▶ No significant improvement projected in County General Fund Revenue
 - FY 2012: 2.3% decrease
 - FY 2013: 0.5% increase
- ▶ Projected deficit in FY 2010 of \$130 million, even with no increase in County disbursements
- ▶ Continued commitment to build community capacity for non-public organizations to address the needs of residents.

BUDGET SCHEDULE: FY 2011 ADVERTISED BUDGET PLAN

- **February 23, 2010 (10 AM)**: County Executive presents the FY 2011 proposed budget to the Board of Supervisors
- **March 1, 2010 (7:30 PM)**: Human Services Council meeting to discuss FY 2011 Advertised Budget
- **March 8 and 10, 2010 (7:30 PM)**: Human Services Council receives budget testimony from Agencies and related Boards, Authorities and Commissions
- **March 15 and 17, 2010 (7:30 PM)**: Human Services Council receives budget testimony from Agencies and related Boards, Authorities and Commissions; also from nonprofit organizations
- **March 22, 2010 (7:30 PM)**: Human Services Council work session on budget message to Board of Supervisors
- **March 24, 2010 (7:30 PM): IF NEEDED.** Human Services Council work session on budget message to Board of Supervisors
- **March 26, 2010 (2:00 PM)**: Human Services Council presents recommendations on the FY 2011 Advertised Budget Plan to the Board of Supervisors
- **April 6, 7, and 8, 2010**: Public Hearings on the FY 2011 Advertised Budget, FY 2010 Third Quarter and the Capital Improvement Program (6:00 PM Tuesday; 3:00 PM Wednesday and Thursday)
- **April 20, 2010 (10 AM)**: Board of Supervisors marks-up proposed FY 2011 budget
- **April 27, 2010 (10 AM)**: Board of Supervisors' adopts the FY 2011 budget

√ ***The entire FY 2011 Advertised Budget Plan is available on the Internet:***

- <http://www.fairfaxcounty.gov/budget>