Multi-Year Financial Planning Process

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 2024) and a framework for the subsequent year (FY 2025). County staff throughout the organization can 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.

The multi-year budget is a preliminary projection of revenues and disbursements for the upcoming fiscal year, and each year these estimates are adjusted as additional information becomes available during the budget process. Currently, there is additional uncertainty in the forecast due to inflation pressures, the cooling down of the real estate market and the future action by the Fed on interest rates. These factors will be monitored over the coming months as they will shape the County's outlook for FY 2025, and this preliminary projection will be updated and adjusted during FY 2024.

Summary of the Multi-Year Budget

The current forecast for FY 2025 indicates a challenging budget environment as the County continues to navigate the inflationary impact on its operating budget, and growth in Residential and Personal Property values is assumed to be very modest. As a result, revenue growth is projected at 1.1 percent assuming no tax rate increases. This growth rate would provide additional resources totaling $54.23 million. However, disbursement requirements continue to increase because of the factors that drive expenses in the County and Fairfax County Public Schools (FCPS) budgets, such as population growth, employee compensation increases, maintaining current service levels, and the need to address the priorities in the community. Thus, it is not anticipated that projected revenues in FY 2025 will be sufficient to cover expected spending increases.

The table below summarizes the requirements that are identified in greater detail in the following pages, which include a total of $141.90 million in additional County disbursements. FCPS transfers have been assumed to increase by 5.74 percent, the same rate as County disbursements would grow if all of the identified requirements were funded.

Projected Shortfall based on Identified County Needs and Equal Schools Growth

	FY 2025 (in millions)	% Inc/(Dec) Over FY 2024
Base Revenue Increase	**$54.23**	**1.06%**
County Disbursements	$141.90	5.74%
FCPS Transfers	151.22	5.74%
Net Change in Reserve Contributions	31.18	
Total Uses of Funds	**$324.30**	
Net Balance	**($270.08)**	

The table above, as well as the General Fund statement at the end of the multi-year budget section that presents the same data in greater detail, demonstrates that the available resources identified for FY 2025 will fund only a small subset of the identified priorities. As the multi-year budget is an early forecast of the challenges that will be faced in the coming budget cycle, it is anticipated that other funding priorities will develop prior to the release of the FY 2025 Advertised Budget Plan. Balancing the FY 2025 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.

Development of the FY 2025 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 FCPS 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 FCPS priorities will be refined based on input from the two boards.

Revenue Assumptions

In FY 2024, General Fund revenue is expected to increase 4.02 percent compared to the *FY 2023 Revised Budget Plan* as a result of strong growth experienced in real property assessment values, which determine the majority of the General Fund tax levy, partially offset by the reduction in the Real Estate tax rate from $1.11 per $100 of assessed value to $1.095 per $100 of assessed value. A substantially lower General Fund revenue increase of 1.06 percent is currently projected in FY 2025, primarily as a result of expected softening of the residential real estate market due to elevated mortgage rates. Other revenue categories such as Personal Property assessments, as well as Local Sales Tax and Business, Professional and Occupational License (BPOL) Taxes are projected to increase modestly in FY 2025. Charges for Services and Fines and Forfeitures are expected to continue to recover from the pandemic-related impacts. Revenue growth rates for individual categories are shown in the following table:

Category	Actual	Projections		
	FY 2022	FY 2023	FY 2024	FY 2025
Real Estate Tax – Assessment Base	**2.88%**	**8.57%**	**6.59%**	**0.65%**
Equalization	**2.02%**	**7.72%**	**5.68%**	**0.25%**
Residential	*4.25%*	*9.57%*	*6.97%*	*0.00%*
Nonresidential	*(4.05%)*	*2.27%*	*1.65%*	*1.00%*
Normal Growth	**0.86%**	**0.85%**	**0.91%**	**0.40%**
Real Estate Tax Rate per $100 of assessed value[1]	**$1.14**	**$1.11**	**$1.095**	**$1.095**
Personal Property Tax – Current[2]	**4.94%**	**10.53%**	**(1.61%)**	**1.50%**
Local Sales Tax	**15.06%**	**5.15%**	**2.00%**	**2.00%**
Business, Professional and Occupational License (BPOL) Taxes	**7.64%**	**4.00%**	**0.00%**	**2.00%**
Interest Rate Earned on Investments	**0.48%**	**1.95%**	**3.30%**	**3.30%**
Fines and Forfeitures	**31.49%**	**1.02%**	**2.76%**	**3.00%**
Charges for Services	**58.13%**	**10.89%**	**7.15%**	**2.84%**
State/Federal Revenue[2]	**0.55%**	**(41.94%)**	**4.75%**	**0.00%**
Total General Fund Revenue	**3.39%**	**3.24%**	**4.02%**	**1.06%**

[1] The FY 2025 forecast assumes no Real Estate tax rate increase.

[2] 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.

Real Estate Taxes

Reflecting market activity through calendar year 2022, FY 2024 Real Estate property values were established as of January 1, 2023, and rose 6.59 percent compared to the FY 2023 level. The total Real Estate Tax base is expected to increase just 0.65 percent in FY 2025 as a result of expected softening of the residential real estate market and modest growth in nonresidential property values.

Local Housing Market

Based on information from Bright MLS, the average sales price of homes sold in Fairfax County rose 7.4 percent from $709,136 in 2021 to $761,799 in 2022. Home prices increased primarily as a result of the tight inventory of homes for sale. Since bottoming out in 2009, the average home sales price has risen 82.6 percent, or at an average annual growth rate of 4.7 percent. Bright MLS also reported that 14,484 homes sold in the County in 2022, down 25.4 percent compared to 2021. Homes that sold during 2022 were on the market for an average of 17 days, the same as in 2021.

Residential assessed values are anticipated to be flat in FY 2025 after rising 6.97 percent in FY 2024. Residential properties constitute approximately three quarters of the County's real estate tax base.

Local Nonresidential Market

According to the Fairfax County Economic Development Authority, the direct office vacancy rate at year-end 2022 was 16.7 percent, up from 16.0 percent at year-end 2021. The overall office vacancy rate, which includes empty sublet space, was 17.8 percent at year-end 2022, up from 17.0 percent recorded at year-end 2021. The amount of empty office space increased to 21.3 million square feet. As a result, office property values declined for a third year in a row, experiencing a 3.69 percent decrease in FY 2024. Of all the real estate sectors, the pandemic delivered the hardest and most immediate blow to hotels, however, in FY 2024 these types of properties continued to recover, increasing 14.46 percent.

Office leasing activity totaled 6.6 million square feet during 2022, compared to 4.9 million in 2021. While this uptick in office leasing is positive news for the County, activity is not yet at the pre-pandemic level when Fairfax County averaged 10 million square feet of annual office leasing activity.

The overall value of all types of existing nonresidential properties in FY 2025 is tentatively projected to increase 1.00 percent after increasing 1.65 percent in FY 2024.

Personal Property Taxes

The Personal Property Tax is levied on vehicles in the County, as well as business personal property. The FY 2024 car tax is based on the January 1, 2023, valuation using the J.D. Power's National Automobile Dealers' Association guide. Personal Property Taxes are projected to decrease 1.6 percent in FY 2024, reflecting the gradual decrease of values towards their reasonable fair market value. Due to pandemic related supply chain disruptions and shortages of computer chips, car prices moved significantly higher during the pandemic. To partially offset the unprecedented increase to vehicle values and to account for the fact that the short-term selling prices for many vehicles exceeded their reasonable fair market value, the Board of Supervisors passed a resolution adopting a vehicle assessment ratio of 85 percent of the trade-in value for Tax Year 2022 (FY 2023). Normally, vehicles are assessed at 100 percent of the trade-in value. Information from the National Automobile Dealers Association indicated that vehicle assessed values as of January 1, 2023, while still elevated by historical standards, have started to decline compared to January 2022 levels. As a result, the Board of Supervisors approved a 90 percent vehicle assessment ratio for Tax Year 2023 (FY 2024) rather than the 85 percent used in FY 2023. With the 90 percent assessment ratio for FY 2024, the average Personal Property Tax bill is expected to be consistent with, or slightly lower than FY 2023. Personal Property Taxes in FY 2025 are expected to increase 1.50 percent.

Other Major Revenue Categories

The FY 2022 Sales Tax revenue increased a strong 15.1 percent primarily as a result of federal stimulus and as consumers continued spending more on goods rather than services. As the economic boost from the federal COVID stimulus begins to wane, Sales Tax collections are expected to slow in FY 2023 relative to the previous year's growth rate. The FY 2023 estimate reflects an increase of 5.2 percent over the FY 2022 level. Consistent with econometric model projections, Sales Tax receipts in FY 2024 are projected to rise 2.0 percent. FY 2025 estimate expects the same growth rate of 2.0 percent.

Since County businesses file and pay their BPOL taxes simultaneously on March 1 each year based on their gross receipts during the previous calendar year, there is limited actual data available throughout the fiscal year. FY 2022 BPOL receipts rebounded strongly, increasing 7.6 percent, as they were positively impacted by the reopening of the economy during calendar year 2021, and by the significant support of federal government stimulus. The FY 2023 BPOL reflects an increase of 4.0 percent over the FY 2022 actual level. Consistent with model projections and based on the expectation that the economy will slow, BPOL revenue is expected to remain flat in FY 2024, followed by a 2.0 percent increase in FY 2025.

Revenue from Interest on Investments is highly dependent on Federal Reserve actions. Early in 2020, the Federal Reserve cut its target for the federal funds rate to a range of 0 percent to 0.25 percent. The Fed's actions negatively impacted the earnings that the County generated on its portfolio investments. General Fund Investment Interest revenue in FY 2022 declined 25.1 percent and was $17.2 million with an average yield of just 0.48 percent. In 2022, the Fed pivoted toward tighter monetary policy in the face of persistently high inflation and tight labor market by raising the Fed funds rate at an unprecedented pace. The latest rate increase of 25 basis points in May 2023 moved the rate to a 5.00-5.25 percent range. As a result of these actions, the County expects to generate substantially higher Investment Interest earnings on its portfolio investments. The FY 2023 estimate of $102.1 million reflects an increase of $84.9 million over the FY 2022 level based on a projected average yield of 2.84 percent. The projected FY 2024 Investment Interest revenue of $124.5 million assumes an average annual yield of 3.30 percent and a General Fund percentage net of administrative fees of 80.0 percent. The FY 2025 Investment Interest estimate assumes the same annual yield of 3.30 percent as in FY 2024, although it is unclear when the Fed would pivot to lowering interest rates.

State and Federal revenue categories are projected to increase 4.8 percent in FY 2024 and then remain flat in FY 2025.

Disbursement Priorities

The disbursement requirements and priorities that have been identified through the FY 2024 and FY 2025 multi-year budget process are discussed below. Among these items are basic requirements such as funding of County and School debt service, increases for employee compensation and fringe benefits, increases resulting from budget drivers such as increased workloads to current services, 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 contributions be allocated to the Managed Reserve, the Revenue Stabilization Fund, and the Economic Opportunity Reserve to maintain the reserves at their target funding levels which total ten percent of General Fund disbursements.

The items identified below and associated expenditure levels will be revalidated during the FY 2025 and FY 2026 multi-year budget development process in light of updated data and revenue projections. However, the modest revenue growth that is currently projected is insufficient to fund the identified items. 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 2026 or beyond.

Fairfax County Public Schools

An increase to the transfer to the Fairfax County Public Schools for operations will be required to support employee compensation increases, employee benefit rate changes, closing the achievement gap for all students by providing equitable access to literacy, increasing access to PreK programming, support for students with special education needs, supporting the well-being of all students by increasing student and family supports, investments to support the implementation of the final phase of the Advanced Academic Program, and year two recommendations for environmental initiatives. In addition, long-term investments are required for previously identified unfunded needs. Each 1 percent increase in the transfer for operations is approximately $24.19 million.

For the purposes of this projection, it has been assumed that County disbursements and County support for FCPS will both increase at the same rate in FY 2025. As a result, total County support for FCPS is projected to increase by approximately 5.74 percent, or $151.22 million. This amount includes an increase of $137.72 million for School operations. The County transfer for debt service is projected to increase by $8.50 million for programmed general obligation bond payments. This estimate assumes a Schools bond sale of $205 million in January 2024, which is level from January 2023. The overall increase also assumes an increase of $5.00 million in County support for school construction, which would bring total baseline funding to $20.60 million. This investment is consistent with the Joint CIP Committee recommendations, which are explained further in the *Debt Service and Capital Construction* section below.

Employee Pay

It is important to note that the FY 2025 budget will be the first budget formally impacted by collective bargaining. Per the ordinance approved by the Board of Supervisors in October 2021, negotiations for collective bargaining agreements must begin no later than July 1 and conclude by October 15 of any year where an agreement is sought to be effective at the beginning of the next fiscal year. Negotiations or planning for negotiations has already begun for the Fire and Emergency Medical Services and Police bargaining units. Any tentative agreements reached must be approved by the Board of Supervisors no later than the last day of December. As the outcome of these negotiations is unknown, for purposes of the FY 2025 plan, a $66.40 million placeholder for employee pay increases is used. This placeholder includes:

- Market rate adjustment (MRA) increases for all employees are included based on an assumed 2.00 percent MRA, at an estimated cost of $32.60 million. The actual MRA, based on the previously agreed to funding calculation, will be calculated in the fall of 2023. 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.

- Funding of $16.40 million is required for General County employee pay increases, including performance and longevity adjustments. The funding reflects increases effective July 2024 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 2025 is projected to be 2.00 percent.

- Funding of $12.40 million is required for public safety pay increases which reflect merit and longevity increases for all eligible public safety employees that are effective on the employee's anniversary date. The funding reflects the full-year impact of merit and longevity increases provided to uniformed employees in FY 2024 and the partial-year costs for merit and longevity increases provided to uniformed employees in FY 2025 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, 20 and 25 years) 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.

- A placeholder of $5.00 million is included in FY 2025 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 $15.30 million is included for employee benefits in the FY 2025 projection, primarily as a result of increases for retirement and health insurance.

An increase of $5.90 million will be required to reflect changes in health insurance plan premiums and actual experience based on employee benefit plan enrollment. Health insurance cost increases are primarily the result of actual experience in the County self-insured health plans. The estimated increase in FY 2025 is based on projected 5.0 percent premium increases for all health insurance plans in plan years 2024 and 2025. 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 2025 is a net $9.40 million increase for fiduciary requirements associated with the County's retirement systems based on the preliminary estimates of the FY 2025 employer contribution rates from the actuarial valuation report as of June 30, 2022. It is the County's policy not to reduce employer contributions until each system reaches 100 percent funded status.

The increase amount includes 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. It should be noted that the fringe benefit costs associated with employee compensation increases and new positions are included in the total cost of those adjustments in other sections.

Debt Service and Capital Construction

An estimated increase in debt service of $10.00 million is identified for FY 2025 to reflect the required costs for County bond projects supporting the County's Capital Improvement Program (CIP). This estimate assumes approximately $3.40 million in additional Economic Development Authority (EDA) conduit debt service for a new County facility (Tysons Community Center) and $6.60 million for programmed general obligation bond payments. The January 2024 County bond sale is projected to be $145 million, which is level from January 2023. The County bond sale total is anticipated to be increased to $170 million in January 2025. The actual debt service requirement will be based on market conditions at the time of the bond sale and interest rate received by the County. The debt service estimate for the renovation to the Original Mount Vernon High School (OMVHS) was originally included in the FY 2024 Advertised Budget Plan but was removed based on changes in the project timeline. Debt service is anticipated to begin in FY 2025 and an updated amount will be included in the fall 2023 financial forecast.

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. In February 2020, the Board of Supervisors and the School Board established a joint CIP working group to allow for information sharing, prioritizations, and planning by both the County and Fairfax County Public Schools. The Committee approved a series of recommendations, which were subsequently approved by both the Board of Supervisors and the FCPS Board. These recommendations included gradually increasing General Obligation Bond Sale limits from $300 million to $400 million annually; dedicating the equivalent value of one penny on the Real Estate tax to the County and FCPS capital program to support both infrastructure replacement and upgrade projects and debt on the increased annual sales; and increasing the percentage allocated to the Capital Sinking Fund at year-end, as well as including FCPS in the allocation. Based on resource constraints, the Committee's recommendation to dedicate the value of one penny has not been included in the FY 2024 Adopted Budget Plan. The FY 2024 Adopted Budget Plan maintains the increase of $5 million over prior levels of support that was previously approved as part of the FY 2023 Adopted Budget Plan, which represents $2.50 million each for the County and FCPS capital programs. The FY 2025 multi-year plan assumes an additional $10 million investment, split between the County and Schools.

Public Safety

Police Department

South County Police Station

An increase of $1.00 million and 7/7.0 FTE positions is identified for FY 2025 as part of a multi-year process to staff the South County Police 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. A total of 70/70.0 FTE positions were added between FY 2017 and FY 2022, completing the number of uniformed positions required to staff the station. The final 7/7.0 FTE support positions in FY 2025 will complete the required station staffing.

Department of Public Safety Communications

As a result of the opening of the ninth police station, South County, the Department of Public Safety Communications is transitioning to a one-to-one dispatch model to assist with the increase in call volume and the complexity of 911 calls. An increase of $0.61 million and 5/5.0 FTE positions is identified for FY 2025, reflecting the third and final year of a multi-year process to increase dispatchers. A total of 15.0/15.0 FTE positions have been added, 10/10.0 FTE positions in FY 2020 and 5/5.0 FTE positions in FY 2022.

Commonwealth's Attorney

Funding of $0.84 million and 6/6.0 FTE positions is identified in FY 2025 to support the Office of the Commonwealth's Attorney. At the September 22, 2020, Public Safety Committee Meeting, the Commonwealth's Attorney discussed the need for additional positions and the impact to the office as a result of being underfunded. County staff and the Office of the Commonwealth's Attorney staff collaborated on a plan that will add additional positions to assist with workload and the prosecution of additional crimes. As part of the FY 2022 budget, 15/15.0 FTE positions were added.

Human Services

Diversion First

Funding of $1.10 million and 6/6.0 FTE positions have been identified in FY 2025 to support the continued implementation of the multi-year Diversion First initiative. Diversion First is a multi-agency effort to redirect individuals with mental illness, developmental disabilities, and cooccurring substance use disorders from the judicial system into the health care system to improve public safety, promote a healthier community, and maximize public resources in the most cost-effective manner.

Opioid and Substance Abuse Task Force

Funding of $1.05 million and 6/6.0 FTE positions have been identified to continue addressing the opioid epidemic in the County. The County's opioid response strategy (initially set forth in the Opioid Task Force Plan approved by the Board of Supervisors in January 2018 and updated in 2020 for FY 2021 and FY 2022) includes prevention and education, early intervention and treatment, data and monitoring, criminal justice and enforcement, harm reduction, and recovery activities. It is anticipated that opioid settlement funds will be available in future years to advance some of this work, but the timing and amount are unclear at this time.

Response to Behavioral Health Crisis Calls - Co-Responder Model

Funding of $3.80 million and 22/22.0 FTE positions is identified in FY 2025 for Phase II of the Co-Responder Model. Phase I was implemented in FY 2022 with the use of ARPA dollars and baseline funding for Phase I is included in the FY 2023 budget. The Co-Responder Model pairs a CSB Crisis Intervention Specialist and a Crisis Intervention Team trained police officer to respond to 911 calls that are related to behavioral health issues. This model has proven to be an effective approach in responding to and de-escalating behavior health crisis. Phase II will allow for the expansion of the program.

Department of Family Services

Positions Supporting the Adult and Aging Population

In the coming years, it is anticipated that there will be a significant increase in the older adult population. Therefore, a multi-year plan has been developed to address the needs of this growing population. Funding of $0.70 million and 5/5.0 FTE positions has been identified to address growing caseloads in Adult and Aging's Nutrition program as well as a new requirement by the Virginia Department of Aging and Rehabilitation Services to oversee nutritional counseling and nutrition education for older adults and adults with disabilities; provide training and support to Adult Foster Care providers to strengthen competencies needed for a successful emergency placement, especially for challenging Adult Protective Services clients who need intensive supportive services; and support Adult Protective Services emergency service provision for the growing number of older adults and adults with disabilities who are determined to be at risk for abuse, neglect, or exploitation.

Positions Supporting Domestic and Sexual Violence Services

The Domestic and Sexual Violence Services (DSVS) division in the Department of Family Services is a state-accredited dual program serving victims of domestic and sexual violence and a state-certified batterer intervention program. DSVS provides services to adults, children and youth victims of domestic and sexual violence, human trafficking, and stalking, and to adult offenders of domestic violence. DSVS also partners with community non-profits on the Domestic Violence Action Center, a comprehensive, co-located service center now in three locations. Additionally, DSVS facilitates coordination of a community response to domestic and sexual violence. Funding of $0.30 million and 2/2.0 FTE positions are needed in order to continue this important work and move the division forward with victim services, expand community engagement, and countywide coordination.

Healthy Minds Fairfax Behavioral Health Service Navigation

Additional funding of $0.37 million is included to support year two of the Healthy Minds Fairfax Behavioral Health Service Navigation program for children and families. Year one funding is included in the FY 2024 Adopted Budget Plan. The program consists of service navigators who can assist families and community members in identifying services for a child, help with engagement, and negotiate with providers and insurance companies; systems mapping and the identification of tools that can help determine the level of service a child needs; and the development and maintenance of a website listing local providers and resources and providing information on accessing them.

Health Department

Funding to Support Lab Positions

Funding of $0.80 million is required to continue supporting positions that were approved for the Health Department Laboratory as part of the *FY 2020 Carryover Review*. These positions provided the needed resources to accommodate the increased testing requirements associated with the COVID-19 pandemic and were initially funded with the COVID-19 Health Department Lab – PPP and Health Care Enhancement Act grant awarded by the state. Funding is set to expire in FY 2024. The Board approved General Fund merit positions anticipating the need for ongoing General Fund resources when grant funding expired.

Epidemiology

Funding of $0.30 million and 2/2.0 FTE positions has been identified in order to continue expanding the Health Department's use of epidemiological data to improve health outcomes, reduce health disparities and enhance program effectiveness within the County as well as enhancing the Health Department's capability to meet the growing Population Health needs of the community. These positions will improve the Health Department's capacity to prevent and control infectious diseases as well as develop the capability to monitor the health status of the community; use data in real time to guide new approaches to the delivery of population-based health services; and research new insights and innovative solutions to health problems within the community.

Fairfax-Falls Church Community Services Board

Medicaid Waiver Redesign/Support Coordination

Pursuant to the Department of Justice (DOJ) settlement implementation, the Commonwealth of Virginia has redesigned the previously separate service delivery systems for people with intellectual disability and developmental disabilities into one Developmental Disabilities services system. The term "developmental disabilities" is now understood to include intellectual disability as well as disorders on the autism spectrum and other developmental disabilities. In FY 2017, CSBs throughout the Commonwealth of Virginia, including the Fairfax-Falls Church CSB, became the single point of eligibility determination and case management not only for people with intellectual disability, but also for individuals with other developmental disabilities. As a result, CSB's role and oversight responsibility, as well as the number of people served has increased considerably. Funding in the amount of $1.10 million and 9/9.0 FTE positions, partially offset by $0.40 million in revenue, has been identified to serve the newly eligible individuals.

Department of Neighborhood and Community Services

Opportunity Neighborhoods

Funding of $0.40 million and 1/1.0 FTE position will support the continued expansion of Opportunity Neighborhoods (ON) into the Springfield area. ON is a Department of Neighborhood and Community

Services initiative that coordinates the efforts of multiple County agencies and community-based programs and services to promote positive outcomes for children and youth by aligning available programming with identified needs, interests, and gaps in a particular community. Major outcomes include ensuring that children are prepared for school entry; that children succeed in school; that youth graduate from high school and continue onto postsecondary education and careers; and that ON families, schools, and neighborhoods support the healthy development and academic success of the community's children and youth.

Emergency Rental Assistance Program

The COVID-19 pandemic's economic impact created significant hardships for individuals and families in the County who experienced job loss or reduced income and struggled to pay for basic needs, including housing and utilities. Since the start of the pandemic, the Emergency Rental Assistance Program has been funded with federal COVID-19 stimulus dollars. It is anticipated that stimulus funding will be fully expended by the end of FY 2024; however, the unprecedented demand for assistance continues. Funding of $3.00 million is included in order to continue to provide funding to assist households that are unable to pay rent and utilities. This funding will add General Fund baseline resources and will complement funding provided through the Consolidated Community Funding Pool, Emergency Housing Assistance category.

School Age Child Care (SACC) Rooms at Louise Archer Elementary School

Partial-year funding of $0.25 million and 6/6.0 FTE positions has been identified to support opening two new SACC rooms at Louise Archer Elementary School. In cooperation with FCPS, two new SACC classrooms are constructed when a new elementary school is built or an existing elementary school is renovated. Louise Archer Elementary School currently does not have a SACC program and renovations are currently scheduled to be completed in the winter of 2024/2025. The expenditure increase would be partially offset by $0.10 million in revenue for a net impact to the County of $0.15 million. It should be noted that an additional $0.25 million will be needed in FY 2026 in order to fund a full year of operations.

School Readiness

An increase of $5.00 million is identified for the next phase of School Readiness funding. Fund 40045, Early Childhood Birth to 5, was established to address school readiness through quality community and family-based programs that are accessible even to those most vulnerable. The fund is specifically aimed at creating a network of programs that promote school readiness through the alignment of curricula to the Virginia Foundation Blocks for Early Learning, as well as supporting children living in poverty to reach fall kindergarten benchmarks. Early childhood education programs support the cognitive, social, emotional, and physical development of a child. Funding will support the multi-tiered approach to school readiness programming including but not limited to the expansion of the Early Childhood Development and Learning Program for at-risk children birth to age 5 and expanding the early childhood mental health consultation initiative.

Parks and Libraries

Park Authority

Operations and Maintenance

Funding of approximately $2.00 million has been identified for operations and maintenance throughout the Park system. Funding is required for forestry operations including contracted arboreal work to respond to tree complaints promptly, replacement of aging capital equipment, funding for corrective and preventative maintenance at non-revenue supported Park Authority structures and buildings, and bamboo mitigation efforts as required by a new County ordinance.

Social Equity

Future funding will be needed to achieve the goal of a Park system that is readily open to all citizens regardless of family income and to provide an all-encompassing, equitable service delivery model. An increase of $0.50 million has been included in FY 2024 to provide a bridge in the investments that are anticipated to be required to support equity in the Park Authority system. This funding is in addition to baseline funding approved in the FY 2023 Adopted Budget Plan and will thus provide $1.00 million in total baseline funding support for equity initiatives. The Park Authority utilized a portion of the FY 2023 funding to provide for a consultant to conduct an analysis and develop recommendations to increase access to Park program and service offerings for all residents of Fairfax County. In anticipation of these recommendations, FY 2024 funding provides an initial investment by maintaining all summer camp program fees at the FY 2023 level. Program fee evaluations indicate increases based on rising operational costs, supplies, and contract rates for vendor-run programs, which would otherwise be passed along to users. The summer camp program is community-focused and provides both enrichment and daycare for school-aged children in the summertime. This funding will be a step towards the Parks equity goals and will allow the Park Authority additional time to develop a more equitable service delivery model. FY 2025 funding will need to be considered based upon the results of the consultant's recommendations.

Public Library

Funding of $0.70 million and 12/9.0 FTE positions are identified for phase two of a four-phase plan to make regional and community library branch hours consistent. This funding, which was originally included in the FY 2021 Advertised Budget Plan but was deferred in response to the COVID-19 pandemic, will move three additional locations of the library's 22 full-service branch locations to one set of standardized hours: 10:00am to 9:00pm Monday through Wednesday, and 10:00am to 6:00pm Thursday through Sunday. At the end of phase four, there will be an additional 9,568 service hours per year.

Community Development

Transportation

A placeholder of $6.50 million has been included in FY 2025 for transportation requirements. This estimate includes a $5.00 million increase for Metro, based on the annual operating subsidy increase included in the Metro funding agreement. A $1.50 million increase is also estimated for Fairfax Connector to replace support previously provided by federal Coronavirus Aid, Relief, and Economic Security (CARES) Act stimulus funds in FY 2021 through FY 2024. CARES funds have helped the Connector navigate the pandemic and recovery by mitigating the impact of the loss of passenger fare revenues but based on projected utilization in FY 2023 and FY 2024, there will not be a sufficient balance to provide similar support in FY 2025. On June 22, 2023, WMATA staff outlined a projected $750 million operating deficit for FY 2025 citing three main factors: decreased revenue since the pandemic, the cost of inflation and collective bargaining agreements, and the loss of federal stimulus funding that had allowed local jurisdictions subsidies to remain level since the onset of the pandemic. County staff will continue to seek additional information from WMATA to outline the projected increased operating subsidy required from the County.

Department of Housing and Community Development

Affordable Housing

In March 2019, the Affordable Housing Resources Panel (AHRP) presented recommendations for Phase II of the Communitywide Housing Strategic Plan to produce 5,000 units of affordable housing to households earning up to 60 percent of the Area Median Income (AMI) over the next fifteen years. In order to help achieve the recommendations as outlined in Phase II, the AHRP recommended that the Board of Supervisors make a commitment equivalent to the value of an additional penny to support affordable housing initiatives. Affordable housing remains one of the County's highest priorities, and in 2022 the Board increased the affordable housing production goal from 5,000 to 10,000 units. In FY 2023, the Board of Supervisors dedicated an additional half-cent on the Real Estate Tax rate to affordable housing, bringing the total allocation to one cent. The FY 2024 annual contribution to the Affordable Housing Development and Investment Fund is $31,362,736, maintaining a level equivalent to one penny on the tax rate. It should also be noted that the Board has identified additional local resources which have been added for affordable housing development and preservation at quarterly budget reviews. From FY 2006 through FY 2023, the Affordable Housing Development and Investment Fund provided a total of $274.30 million for affordable housing in Fairfax County. The FY 2025 multi-year plan assumes that an additional half-penny on the Real Estate Tax rate, or approximately $15.78 million, is identified for affordable housing initiatives.

Next Steps in the Multi-Year Process

Balancing the FY 2025 Budget

Although the revenue projections and inventory of disbursement priorities included above set the stage for the FY 2025 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 2025 and FY 2026 Multi-Year Budget, others will require policy decisions to be made. Adjustments to develop a balanced FY 2025 budget could include efficiencies, reduction options, revenue enhancement options or deferral of several 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 2025 budget forecast presents a challenging picture as a result of projections that the County will experience constrained revenue growth driven largely by the continued slowdown of the housing market and marginal increases in commercial real estate. The disbursement increases that could be accommodated within the projected revenue growth are limited and would not address most of the 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 2025 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 2025 and which items to exclude or delay until FY 2026 or beyond.

Multi-Year General Fund Statement

The following page provides a historical view of the General Fund as well as a projection for FY 2025. The FY 2025 projection includes funding of all of the items discussed above, with the assumption of equal growth in both County disbursements and Schools transfers. As a result, both the County and Schools portions of General Fund disbursements are shown to increase by 5.74 percent, and total disbursements are shown to exceed available resources. The FY 2025 projection will be refined over the coming year, and the FY 2025 Advertised Budget Plan, when presented to the Board of Supervisors, will be balanced.

MULTI-YEAR BUDGET
FY 2020-2025
(in millions)

	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Revised	FY 2024 Adopted	FY 2025 Projected	Inc/(Dec) Over FY 2024	% Inc/(Dec) Over FY 2024
Beginning Balance	**$268.48**	**$450.48**	**$490.60**	**$581.52**	**$204.45**	**$204.45**	**$0.00**	**0.00%**
Revenue								
Real Property Taxes	$2,898.13	$3,006.83	$3,053.92	$3,206.87	$3,372.25	$3,394.31	$22.06	0.65%
Personal Property Taxes	441.67	431.08	474.62	537.44	526.14	537.31	11.17	2.12%
General Other Local Taxes	535.82	549.10	595.63	599.29	608.01	619.84	11.83	1.95%
Permit, Fees & Regulatory Licenses	54.00	57.08	59.61	9.40	9.84	10.13	0.30	3.00%
Fines & Forfeitures	10.00	5.48	7.20	7.28	7.48	7.70	0.22	3.00%
Revenue from Use of Money & Property	66.20	24.78	19.26	104.29	126.70	133.04	6.34	5.00%
Charges for Services	70.11	33.70	53.28	59.08	63.31	65.11	1.80	2.84%
Revenue from the Commonwealth	308.77	308.78	310.56	318.59	325.66	325.66	0.00	0.00%
Revenue from the Federal Government	246.97	156.50	156.11	40.98	40.95	40.95	0.00	0.00%
Recovered Costs/Other Revenue	15.49	18.31	16.95	17.50	17.42	17.94	0.52	3.00%
Total Revenue	**$4,647.16**	**$4,591.63**	**$4,747.13**	**$4,900.72**	**$5,097.76**	**$5,151.99**	**$54.23**	**1.06%**
Transfers In	**$9.08**	**$8.71**	**$24.00**	**$19.71**	**$9.86**	**$9.86**	**$0.00**	**0.00%**
Total Available	**$4,924.72**	**$5,050.82**	**$5,261.73**	**$5,501.95**	**$5,312.07**	**$5,366.30**	**$54.23**	**1.02%**
County Disbursements								
County Debt Service	$131.76	$131.04	$131.32	$133.67	$137.78	$147.78	**$10.00**	7.26%
Capital	39.12	47.92	109.08	168.22	26.53	31.53	**5.00**	18.84%
Contributories/Grants	19.05	19.70	19.61	22.94	24.23	24.23	0.00	0.00%
Legislative-Executive Functions/ Central Services	156.06	168.07	193.40	238.68	188.40	193.31	4.91	2.60%
Judicial Administration	42.84	42.07	47.41	54.49	54.24	56.16	1.91	3.53%
Public Safety	512.65	522.23	551.28	596.83	632.40	657.84	25.43	4.02%
Public Works	73.73	76.54	73.97	90.74	86.80	88.28	1.49	1.71%
Health and Welfare	467.46	447.04	478.17	562.03	585.34	618.00	32.66	5.58%
Parks and Libraries	54.27	56.28	60.76	65.46	68.29	73.26	4.97	7.28%
Community Development	139.13	161.80	171.53	200.37	172.84	196.88	24.04	13.91%
Nondepartmental (Fringe Benefits)	453.19	514.93	450.77	635.08	495.73	527.22	31.49	6.35%
Subtotal County	**$2,089.26**	**$2,187.61**	**$2,287.30**	**$2,768.52**	**$2,472.58**	**$2,614.48**	**$141.90**	**5.74%**
Schools Transfers								
School Operating	$2,136.02	$2,143.32	$2,172.66	$2,275.31	$2,419.41	$2,557.13	**$137.72**	5.69%
School Construction	13.10	13.10	13.10	32.55	15.60	20.60	**5.00**	32.05%
School Debt Service	197.98	198.18	197.12	199.87	200.03	208.53	**8.50**	4.25%
Subtotal Schools	**$2,347.10**	**$2,354.60**	**$2,382.88**	**$2,507.73**	**$2,635.04**	**$2,786.26**	**$151.22**	**5.74%**
Reserve Contributions	**$37.88**	**$18.01**	**$10.03**	**$21.25**	**$0.00**	**$18.71**	**$18.71**	**-**
Total Disbursements	**$4,474.24**	**$4,560.22**	**$4,680.21**	**$5,297.50**	**$5,107.62**	**$5,419.45**	**$311.83**	**6.11%**
Total Ending Balance	**$450.48**	**$490.60**	**$581.52**	**$204.45**	**$204.45**	**($53.15)**	**($257.60)**	**(126.00%)**
Less:								
Managed Reserve	$184.89	$182.58	$190.42	$204.45	$204.45	$216.92	$12.47	6.10%
Other Reserves	144.53	130.55	80.05	0.00	0.00	0.00	0.00	-
Total Available	**$121.06**	**$177.47**	**$311.06**	**$0.00**	**$0.00**	**($270.08)**	**($270.08)**	**-**

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