

## Response to Questions on the FY 2012 Budget

**Request By:** Supervisor Foust

**Question:** What are the “current projections” of revenues and expenditures that cause staff to conclude that “there will be a shortfall of well over \$100 million” in FY 2013?

**Response:** Based on a preliminary forecast as included in the FY 2012 Adopted Budget Plan, the projected shortfall for FY 2013 is attributable to anticipated increased disbursement requirements and the loss of one-time balances used in FY 2012, partially offset by projected revenue increases.

The forecast includes an approximate 5 percent increase in disbursements over FY 2012 levels. This includes a projected 5 percent increase to the County transfer to Fairfax County Public Schools. In addition, based on budget guidance from the Board approved as part of the FY 2012 Adopted Budget Plan, funding is included to implement the County’s refined compensation program. Additional disbursement requirements include those related to benefits, contract inflationary adjustments, debt service, fuel, and utilities. The projected shortfall also includes the requirement to compensate for one-time balances used in FY 2012. Many of these balances were the result of year-end savings available at the *FY 2010 Carryover Review* and those resulting from reductions taken as part of the *FY 2011 Third Quarter Review*.

Although revenues are projected to increase in FY 2013, this increase is not anticipated to fully offset increased disbursement requirements. FY 2013 revenues are projected to increase 3 percent over FY 2012, based primarily on modest projected increases in both residential and nonresidential property values. With these revenue increases and the disbursement requirements summarized above, a shortfall of over \$100 million is anticipated for FY 2013. It should be noted that an updated forecast will be presented to the Board of Supervisors in November.