LOB #51:
REVENUE AND LEGISLATIVE ANALYSIS

Purpose

The Revenue and Legislative Analysis LOB is responsible for revenue forecasting and legislative fiscal impact analysis. In addition, this LOB prepares studies and reports to facilitate ongoing strategic planning, evaluation, and decision-making by the County Executive and the Board of Supervisors.

Description

The Department of Management and Budget (DMB) conducts revenue forecasting and legislative fiscal impact analysis. In addition, this LOB prepares studies and reports to facilitate ongoing strategic planning, evaluation, and decision-making by the County Executive and the Board of Supervisors.

DMB staff monitors and forecasts over 300 tax and revenue categories using various statistical methods; tracks and analyzes trends in local and national economic data; produces the "Fairfax County Economic Indicators" newsletter; and conducts economic, statistical and quantitative analyses. DMB also conducts monthly review and modeling of major revenue categories (over 90 percent of the total) and quarterly analysis of minor revenue categories.

DMB determines the fiscal impact of legislative initiatives before the Virginia General Assembly, as well as proposals brought forward by commissions and other bodies associated with the Virginia legislature. In addition, analysis of federal legislation is conducted whenever a bill is introduced that will have a fiscal impact on Fairfax County. During the 2015 General Assembly session, staff reviewed over 200 House and Senate bills referred to DMB.

Benefits

DMB continues to achieve considerable accuracy in forecasting revenues. The FY 2015 target variance of 2 percent or less was achieved for revenues at 0.9 percent. This indicates very accurate fiscal forecasting and careful budget management.

Mandates

Revenue Forecasting/Economic Analysis is mandated by the Code of Virginia, §§ 15.2-2503 and 15.2-2504.

Trends and Challenges

Forecasting revenues is the foundation of the budgeting process. It provides the estimated level of resources available for County spending in the future. Accurate revenue forecasts are necessary to achieve a balance. Estimates should be conservative so that expenditures do not exceed revenues but reasonable so unnecessary tax rate increases are considered.

Revenue forecasting is especially challenging during times of economic uncertainty. Changes in employment and federal spending, for example, impact the housing and office markets which affect many of the County's revenue sources such as Real Estate Taxes, Business, Professional and Occupational Licenses and Personal Property Taxes.

Department of Management and Budget

Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #51: Revenue and Legislative Analysis			
FUNDING			
Expenditures:			
Compensation	$218,612	$233,315	$292,581
Operating Expenses	20,275	22,588	12,734
Total Expenditures	$238,887	$255,903	$305,315
General Fund Revenue	$0	$0	$0
Net Cost/(Savings) to General Fund	$238,887	$255,903	$305,315
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
Positions:			
Regular	2 / 2	3 / 3	3 / 3
Total Positions	2 / 2	3 / 3	3 / 3

Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Percent variance in actual and projected revenues	0.9%	0.3%	0.9%	2.0%	2.0%

A critical measure of accurate fiscal forecasting is minimal variance between projected and actual revenue. The Department of Management and Budget continues to be successful in projecting and managing the County's budget to achieve minimal variance between projected and actual revenues. During FY 2015, DMB exceeded the 2.0 percent target for revenue projections by achieving a variance of only 0.9 percent from the final General Fund budget estimate of $3.71 billion.