Response to Questions on the FY 2016 Budget

Request By: Supervisor McKay

Question: Please provide a history of the sequestration reserve, including how it was originally funded, how funds in it have been utilized, and (if applicable) note any guidelines for usage that were approved.

Response: The Sequestration Reserve was established in the amount of $8,099,768 at the *FY 2012 Carryover Review* using available FY 2012 year-end balances. The Board of Supervisors requested that staff return with recommendations for Board approval of any use of the reserve and an explanation of the impact of sequestration on the specific program. As sequestration unfolded, staff identified all of the prospective sequestration reductions and provided periodic updates to the Board.

As part of the County Executive's proposed *FY 2013 Carryover Review*, $401,888 of the reserve was utilized to offset federal sequestration reductions for the Head Start and Early Head Start grant programs. Use of the reserve funding was consistent with the direction given by the Board as part of the June 25, 2013 Human Services Committee meeting. As a result of this action, the balance in the reserve was $7,697,880. In addition, the Board earmarked $1,000,000 of the reserve during their deliberations on the *FY 2013 Carryover Review* to serve as a backstop to prevent terminations in the Housing Choice Voucher (HCV) program due to lack of funding. As a result of updated HCV funding and the successful implementation of critical programmatic changes by the Fairfax County Redevelopment and Housing Authority, no families participating in the HCV program lost their homes due to sequestration and none of this $1,000,000 has been used, nor is it anticipated to be used, as a result of sequestration reductions.

This one-time funding totaling $7,697,880 has been recommended by the County Executive to be transferred to Fund 10010, Revenue Stabilization, as part of the *FY 2015 Third Quarter Review* to address rating agency concerns over the County's reserve levels.