Multi-Year Budget – FY 2021 and FY 2022

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 2021) and framework for the subsequent year (FY 2022). County staff throughout the organization are able to 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.

Summary of the Multi-Year Budget

The current forecast for FY 2022 indicates a challenging budget environment similar to FY 2021. Revenue growth is projected at a modest 2.50 percent assuming no tax rate increases and no change in taxing authority. Between this revenue growth and savings as a result of reserve adjustments, available resources would allow County disbursements and support for the Fairfax County Public Schools to increase by approximately 2.55 percent. As a result, $55.64 million would be available for County funding priorities and total County support for the Schools would increase by $62.11 million.

Available Resources based on Projected Revenue

County	$ in Millions	Schools
$54.51	Additional County Base Revenue ($115.36)	$60.85
$1.13	Reserve Savings ($2.39)	$1.26
$55.64	Total Available	$62.11

The Schools continue to be the County's top funding priority, and the division of available resources shown in the table above would provide total support for the Schools at 52.7 percent of disbursements, approximately the same share as in the FY 2021 Advertised Budget Plan. School debt service requirements are projected to increase $4.16 million, and the transfer for School operations would increase by $57.95 million. As a result, FY 2021 support for the Schools would include transfers of $2.28 billion for operations, $202.3 million for debt service, and $13.1 million for construction.

Meanwhile, disbursement requirements continue to increase both as a result of the factors that drive expenses in the County and Schools budgets, such as population growth and employee compensation increases, and as a result of the need to address the priorities of the community. The table below summarizes the requirements that are identified in greater detail in the following pages, which include a total of $120.15 in additional County disbursements. Schools transfers have been assumed to increase by 5.51 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 2022 (in millions)	% Inc/(Dec) Over FY 2021
Base Revenue Increase	$115.36	2.50%
County Disbursements	$120.15	5.51%
Schools Transfers	134.14	5.51%
Net Change in Reserve Contributions	11.51	
Total Uses of Funds	$265.80	
Net Balance	($150.43)	

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 2022 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 likely that other funding priorities will develop prior to the release of the FY 2022 Advertised Budget Plan. Balancing the FY 2022 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 2022 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 School 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 Schools priorities will be refined based on input from the two boards.

Revenue Assumptions

Based on the assumptions and estimates detailed below, General Fund revenues are projected to experience an increase of 3.52 percent in FY 2021 as a result of a 3.76 percent rise in real estate assessments and a 3.0 cent increase in the proposed Real Estate tax rate from $1.15 to $1.18 per $100 of assessed value, as well as modest growth in other revenue categories. General Fund revenue growth of 2.50 percent is currently projected in FY 2022. Revenue growth rates for individual categories are shown in the following table:

Category	Actual FY 2019	Projections FY 2020	FY 2021	FY 2022
Real Estate Tax – Assessment Base	3.59%	3.60%	3.76%	3.20%
Equalization	2.58%	2.45%	2.71%	2.40%
Residential	*2.17%*	*2.36%*	*2.65%*	*2.55%*
Nonresidential	*3.79%*	*2.71%*	*2.87%*	*2.00%*
Normal Growth	1.01%	1.15%	1.05%	0.80%
Personal Property Tax – Current[1]	1.50%	2.52%	0.75%	0.75%
Local Sales Tax	2.67%	5.65%	2.50%	2.50%
Business, Professional and Occupational License (BPOL) Taxes	2.99%	2.97%	1.50%	1.50%
Recordation/Deed of Conveyance Taxes	(3.85%)	12.18%	(9.46%)	1.50%
Interest Rate Earned on Investments	2.53%	2.16%	1.67%	1.67%
Building Plan and Permit Fees	7.01%	(2.06%)	0.00%	2.00%
Charges for Services	3.64%	1.08%	0.88%	1.29%
State/Federal Revenue[1]	2.42%	1.60%	(0.14%)	0.00%
Total General Fund Revenue	4.72%	2.72%	3.52%	2.50%

[1] 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.

Economic Indicators and Assumptions

Economic projections for the national and local economies were reviewed from a variety of sources in the development of these revenue estimates including IHS Markit, the Congressional Budget Office and the National Association of Realtors. Projections specific to Fairfax County are obtained from economic forecaster IHS Markit.

The General Fund revenue forecast assumes that the local economy will continue to expand in 2020 and 2021. Employment gains in the Washington region were solid and even accelerated towards the end of 2019. The majority of the new jobs were created in Northern Virginia. The increase in federal government contract spending as a result of the Bipartisan Budget Agreement of 2018 and the federal budget appropriations agreements from December 2019 for the current fiscal year have reduced the uncertainty around federal policy that the region had experienced in recent years. In Fairfax County, employment in the first half of 2019 was approximately 1.5 percent higher than in the first half of 2018. The County's annual unemployment rate fell to 2.3 percent, the lowest in 12 years. According to estimates from IHS Markit, the County's Gross County Product (GCP), adjusted for inflation, increased at a rate of 3.1 percent in 2018 and another 2.2 percent in 2019.

Real Estate Taxes

Based on the assumptions below, the total Real Estate Tax base is expected to rise 3.76 percent in FY 2021 and 3.20 percent in FY 2022.

Local Housing Market

Based on information from Bright MLS, the average sales price of homes sold in Fairfax County rose 3.9 percent from $578,723 in 2018 to $601,506 in 2019. Home prices continue to increase primarily as a result of the tight inventory of homes for sale and low mortgage rates. Since 2009, the average home sales price has risen 44.2 percent, or an average annual growth rate of 3.7 percent. Bright MLS also reported that 16,144 homes sold in the County in 2019, up 2.9 percent compared to 2018. Homes that sold during 2019 were on the market for an average of 24 days, down from 52 days in 2018.

After increasing 2.36 percent in FY 2020, residential values rose 2.65 percent in FY 2021. A similar increase of 2.55 percent is anticipated in FY 2022.

Local Nonresidential Market

According to the Fairfax County Economic Development Authority, the direct office vacancy rate at year-end 2019 was 13.9 percent, down from 14.9 percent at year-end 2018. The overall office vacancy rate, which includes empty sublet space, was 14.4 percent at year-end 2019, down from 15.5 percent recorded at year-end 2018. The amount of empty office space fell to 17.1 million square feet. Industry experts expect vacancy rates to remain relatively stable through 2020 as tenants monitor economic conditions and the direction of the federal budget.

Office leasing activity totaled over 9 million square feet at the end of 2019. As has been the case for the past several years, most of the leasing activity during 2019 involved government renewals and metro-adjacent relocations. Lease rates for new space are adjusting to market conditions as many tenants are taking advantage of favorable rates, and others are looking to capitalize on market conditions by consolidating operations in newer space near Metro stations. Submarkets along and near the Silver Line – Tysons, Reston and the Herndon area – are especially well-positioned to take advantage of this trend. More than 56 million square feet of new office space is in the development pipeline countywide.

In FY 2021, nonresidential values increased 2.87 percent due to equalization compared to 2.71 percent growth in FY 2020. Office Elevator properties (mid- and high-rises), the largest component of the nonresidential tax base at 31.2 percent, experienced an increase of 4.01 percent in FY 2021 after increasing 3.32 percent in FY 2020. In FY 2022, the overall value of all types of nonresidential properties is projected to increase 2.00 percent over FY 2021.

New Construction

The Real Estate Tax base will also be impacted by new construction in the County. At year-end 2019, office development continued around Metro stations in the Silver Line corridor and in other areas of the County as well. Eight office buildings, totaling more than 2.7 million square feet, were under construction in three submarkets as of December 2019. The amount of new space delivered in 2019 was slightly more than 600,000 square feet, with an expectation of 1.2 million square feet of deliveries in 2020. Based on current activity, total new construction is projected to add 0.80 percent to the overall real estate base in FY 2022, a rate slightly lower than FY 2021.

Personal Property Taxes

Current Personal Property Tax revenue, which represents more than 14 percent of total General Fund revenue, is anticipated to experience an increase of 0.8 percent in FY 2021 due to a projected increase in the vehicle levy, as well as an increase in the Business Personal Property levy. The vehicle component comprises 76.6 percent of the total Personal Property tax levy. Personal Property Tax revenue is projected to increase 0.8 percent in FY 2022.

Other Major Revenue Categories

Sales tax receipts increased 2.7 percent in FY 2019. Based on year-to-date collections through December, growth of 5.7 percent is projected in FY 2020. A significant part of the increase is due to a new law passed by the Virginia General Assembly and signed by the Governor requiring the collection of state and local sales taxes from remote internet sellers in response to the provisions of the U.S. Supreme Court decision in the South Dakota v. Wayfair, Inc. case. The law went into effect on July 1. Sales Tax receipts in FY 2021 are projected to rise 2.5 percent over the FY 2020 estimate based on the anticipation that consumer spending will increase moderately throughout FY 2021. Growth of 2.5 percent is projected for FY 2022.

BPOL (Business, Professional and Occupational License) tax receipts are sensitive to economic conditions and are particularly impacted by federal procurement spending in the County as the Consultant and Professional Business Services categories compose more than 42 percent of total BPOL receipts. Total BPOL receipts are anticipated to increase 3.0 percent in FY 2020, the same rate as the one experienced in FY 2019. Receipts are projected to grow 1.5 percent in FY 2021 and 1.5 percent in FY 2022.

Recordation and Deed of Conveyance revenues, which are paid for recording deeds, are anticipated to be up 12.2 percent in FY 2020 as a result of sharply lower mortgage interest rates, which spurred a significant increase in refinancing activity. Collections are projected to decline 9.5 percent in FY 2021, followed by an increase of 1.5 percent in FY 2022.

Building permit fee revenue is forecasted to be slightly down in FY 2020, remain flat in FY 2021 and up 2.0 percent in FY 2022. Other permits, licenses, and user fees are expected to experience modest growth throughout the forecast period.

Revenue from Interest on Investments is highly dependent on Federal Reserve actions. The federal funds rate was increased four times throughout 2018 and FY 2019 revenue was $69.0 million at an average annual yield 2.53 percent. A substantial adjustment of the Investment Interest revenue estimate was required for FY 2020. At the time of the preparation of the FY 2020 Adopted Budget Plan, the Fed had indicated that two interest rate hikes were possible in 2019. Staff expected that the annual yield on the investment portfolio would be 3.00 percent in FY 2020. The Federal Reserve did not raise rates in its March and June 2019 meetings and downgraded its expected rate path to signal that no rate increases were likely in 2019. However, in July, September, and October 2019, the Fed reduced the rate by a quarter percentage point at each meeting, bringing it to the 1.50 to 1.75 percent range. Based on the actions of the Fed, the FY 2020 estimate assumes a yield of 2.16 percent. The average annual yield on County investments is anticipated to be 1.67 percent in FY 2021 and remain at this level in FY 2022.

State and federal revenue categories are expected to increase 1.6 percent in FY 2020 and remain essentially level in FY 2021 and FY 2022. Staff will continue to monitor the impact of state and federal spending on County funding streams.

Disbursement Priorities

The disbursement requirements and priorities that have been identified through the FY 2021 and FY 2022 multi-year budget process are discussed below. Among these items are basic requirements such as funding of County and School debt service, employee pay increases and benefit cost increases, increases resulting from budget drivers such as increased workloads and 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 2022 and FY 2023 multi-year budget development process in light of updated data and revenue projections. However, the increases that could be accommodated within the modest revenue growth that is currently projected are limited to funding of benefit cost increases, increases resulting from School enrollment growth, and employee pay increases. 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 2023 or beyond.

Fairfax County Public Schools (FCPS)

An increase in the transfer to the Fairfax County Public Schools for operations will be required to support enrollment and demographic changes; employee compensation increases including a step increase for eligible employees, a 1 percent market scale adjustment, and funding as part of a multiyear plan to bring the salaries of instructional assistants and public health training assistants on the Classroom Instructional Support scale to 50 percent of teachers on the BA lane; employee benefit increases for retirement and health; and instructional resources such as elementary special education chair positions, additional assistant director of student activities positions at high schools, and the FCPSOn expansion at middle schools. In addition, FCPS' strategic plan will require additional, long-term investments, and previously identified unfunded needs including school counselors; special education needs; eliminating pre-K waitlists; replacing computers, equipment, scoreboards, and buses; and investing in critical capital infrastructure requirements including aging infrastructure needs such as preventive and major maintenance. It is anticipated that guidance regarding the increase in the County transfer for operations will be developed during the joint meetings of the Board of Supervisors and the School Board. Each one percent increase in the transfer for operations is approximately $22.22 million.

For the purposes of this projection, it has been assumed that County disbursements and County support for the Schools will both increase at the same rate in FY 2022. As a result, total County support for the Schools is projected to increase by approximately 5.19 percent, or $126.35 million. This amount includes an increase of $122.19 million for School operations. The County transfer for debt service based on the size of bond sales for School facilities is projected to increase by $4.16 million and the transfer to the School Construction Fund is expected to remain at $13.1 million.

Employee Pay

For purposes of the FY 2022 plan, a $50.10 million placeholder for employee pay increases is used. This placeholder includes:

1) Market rate increases (MRA) for all employees are included based on an assumed 1.5 percent MRA, at an estimated cost of $22.30 million. The actual MRA, based on the previously agreed to funding calculation, will be calculated in the fall of 2020. 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.

2) Funding of $14.40 million is required for General County employee pay increases, which reflects the performance and longevity program for all eligible General County employees approved by the Board of Supervisors in fall 2014 and implemented in FY 2016. The funding reflects increases effective July 2021 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 2022 is projected to be 2.0 percent.

3) Funding of $10.90 million is required for public safety pay increases which reflect merit and longevity increases for all eligible public safety employees. The funding reflects the full-year impact of merit and longevity increases provided to uniformed employees in FY 2021 and the partial-year costs for merit and longevity increases provided to uniformed employees in FY 2022 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 and 20 years) and have otherwise reached the top step of their pay scale 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.

4) A placeholder of $2.50 million is included in FY 2022 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 $5.00 million is included for employee benefits in the FY 2022 projection. Adjustments will be required to reflect changes in health insurance plan premiums, fiduciary requirements associated with the County's retirement systems, and actual experience based on employee benefit plan enrollment. 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 $4.14 million is identified for FY 2022 to reflect the required costs for County bond projects supporting the County's Capital Improvement Program (CIP). This estimate is consistent with the projects outlined in the CIP and will be refined based on the timing of bond sales and cash flow requirements at the time of the sale. The actual debt service requirement will be based on the size and timing of the sale and the interest rate received by the County.

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. An increase of $10.00 million is identified at this time for FY 2022. As capital requirements are refined over the upcoming year, this amount will be revisited, and priority projects will be identified for its use.

Public Safety

Police Department

South County Police Station

An increase of $1.49 million and 8/8.0 FTE positions is identified for FY 2022, reflecting the sixth year of a multi-year process to staff the South County Police Station. It is estimated that 70/70.0 FTE uniformed positions and 10/10.0 FTE associated support staff will be required to fully staff the 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. This approach also allows for continued analysis to ensure that current staffing estimates are accurate. A total of 54/54.0 FTE positions were added between FY 2017 and FY 2020 to begin the staffing process, and the FY 2021 Advertised Budget Plan includes an additional 8/8.0 FTE positions. It is anticipated that the 10 support positions will be included in FY 2023.

Body-Worn Camera Program

An increase of $1.19 million and 8/8.0 FTE positions is identified for FY 2022 to support the Body-Worn Camera program, reflecting the third and final year of a multi-year process to issue 1,210 cameras to all district stations and other key operational staff. A total of 13/13.0 FTE positions were added as part of the *FY 2019 Carryover Review* process, and the FY 2021 Advertised Budget Plan includes an additional 13/13.0 FTE positions.

Fire and Rescue Department

Apparatus Replacement

An increase of $2.00 million is required to support a multi-year process to gradually increase the annual contributions to the Large Apparatus Replacement Fund and the Ambulance Replacement Fund. As part of the FY 2017 Adopted Budget Plan, $1.775 million in baseline funding was included for this purpose. Due to budget constraints, no additional baseline funds have been available for this purpose in subsequent fiscal years.

This funding would be in addition to the department dedicating additional grant funds, additional baseline funds and one-time contributions in support of this effort. Additional contributions are required due to the increasing cost of vehicles and fleet growth. Without additional funding, the replacement reserves will be depleted in the near future. Starting in FY 2014, the Fire and Rescue Department (FRD) has increased its baseline contribution to the Large Apparatus Reserve by

$250,000 and has supported some ambulance purchases through the use of Four-for-Life grant funds. FRD, with the assistance of the Department of Management and Budget, has developed several scenarios with the goal of stabilizing the replacement reserve and ensuring sufficient funding is available in future years.

Fire Station 44 – Scotts Run
An increase of $1.70 million is identified for FY 2022 to support the full-year cost of Fire Station 44, Scotts Run. Partial-year funding for the station has been included in the FY 2021 Advertised Budget Plan based on the planned opening of the station during FY 2021.

Department of Public Safety Communications
As a result of the transition to Next Generation 911, the Department of Public Safety Communications anticipates increases in call volume and the complexity of 911 calls. An increase of $0.59 million and 5/5.0 FTE positions is identified for FY 2022, reflecting the third and final year of a multi-year process to increase dispatchers. A total of 10/10.0 FTE positions were added in FY 2020, and the FY 2021 Advertised Budget Plan includes 5/5.0 FTE positions.

Department of Animal Sheltering
An increase of $1.89 million and 24/24.0 FTE positions is identified for FY 2022 to staff the South County Animal Shelter to address the growing need for animal shelter services in the southern part of Fairfax County. The animal shelter will offer services such as rabies clinics, pet adoptions, spay and neuter services, wildlife education and a volunteer program. The facility will be collocated with the South County Police Station and was approved in the 2015 Public Safety Bond Referendum.

Human Services

Diversion First
Funding of $1.80 million and 9/9.0 FTE positions have been identified in FY 2022 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 $3.00 million and 16/16.0 FTE positions have been identified to continue addressing the opioid epidemic in the County. The initial Opioid Task Force Plan, approved by the Board of Supervisors in January 2018, established a strong framework for meeting the goals of reducing deaths from opioids through prevention, treatment, and harm reduction; and using data to describe the scope of the problem, target interventions, and evaluate effectiveness. Building on that strong foundation, the next iteration of the plan has been developed, which outlines how the goals will be further achieved in FY 2021 and FY 2022 through work in five priority areas: Education, Prevention, and Collaboration; Early Intervention and Treatment; Enforcement and Criminal Justice; Data and Monitoring; and Harm Reduction.

Department of Family Services
Public Assistance
An increase of $0.80 million and 7/7.0 FTE positions is identified to continue to address increasing public assistance caseloads in the Self-Sufficiency Division. In accordance with federal and state policy, the County is required to determine eligibility for public assistance and enroll clients in benefits programs within a certain timeframe. These positions will continue to address the ongoing increases

in public assistance caseloads in the Self-Sufficiency Division in order to meet state and federal guidelines for both timeliness and accuracy.

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 $0.80 million and 7/7.0 FTE positions has been identified to support case management and mandated pre-admission screenings in Adult Services; investigations of suspected abuse, neglect and exploitation in Adult Protective Services; specialized assistance to callers about Medicaid funded services in the Aging, Disability, and Caregiver Resources unit; and case management in the Home Delivered Meals Program.

Health Department

School Health

The County has been steadily addressing the needs of the School Health program for several years. Beginning in FY 2017, the Health Department began filling Public Health Nurse II positions that were being held vacant due to previous budget reductions. From FY 2017 to 2020, two existing vacant Public Health Nurse II positions each fiscal year were filled utilizing either existing balances within the Health Department's Personnel Services budget or with new funding. All existing Public Health Nurse II positions in the School Health program are now funded.

Moving forward, the Health Department has recommended a multi-year plan to further increase the number of Public Health Nurse IIs with a goal of ultimately reaching the program target of 1:2,000, nurse to student ratio. The FY 2021 Advertised Budget Plan includes year one funding; year two funding totaling 7/7.0 FTE positions and $0.90 million is included for FY 2022.

Epidemiology

In order to successfully plan for and respond to current and emerging public health challenges, $0.30 million and 2/2.0 FTE positions is needed to expand capacity for communicable and non-communicable diseases and conditions. This represents the third year of a multi-year phase-in to improve the Health Department's capacity to prevent and control infectious diseases as well as develop 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 DOJ settlement implementation, the Commonwealth of Virginia has redesigned the previously separate service delivery systems for people with intellectual disability (ID) and developmental disabilities (DD) into one Developmental Disabilities (DD) 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, 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. The Department of Behavioral Health and Developmental Services (DBHDS) Commission has pledged to eliminate the priority 1 waitlist by FY 2022. The CSB presently has approximately 700 individuals on the priority 1 waitlist. Funding in the amount of $2.20 million and 20/20.0 FTE positions, partially offset by $0.80 million in revenue, has been identified to serve the newly eligible individuals.

Special Education Graduates

An increase of $3.80 million has been identified to support special education graduates of Fairfax County Public Schools turning 22 years of age who are eligible for day support and employment services and currently do not have a funding source for such services. This funding would be required to maintain the program as currently designed, with no cut to program enhancement or local support, and would prevent any special education graduates from being without services.

Department of Neighborhood and Community Services

School Readiness

An increase of $10.00 million is identified for the next phase of School Readiness funding. The new 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 new 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, increasing eligibility for the Child Care Assistance and Referral program, and expanding the early childhood mental health consultation initiative

School-Age Child Care (SACC) Rooms

Funding of $0.80 million and 4/3.2 FTE positions has been identified to support SACC centers at Lorton Community Center and Sully Community Center which are scheduled to open in FY 2022. The expenditure increase would be partially offset by $0.6 million in revenue for a net impact to the County of $0.2 million.

Original Mount Vernon High School

The Original Mount Vernon High School was vacated in October of 2016 by its tenant, the Islamic Saudi Academy, after its 30-year lease expired. Fairfax County owns the building and has begun a multi-departmental effort to coordinate reuse for the site. The project will develop over three distinct phases; Immediate, Interim Use, and Long Term Reuse. The immediate phase occurred in 2016 and included use of the gymnasium, improvements to the appearance, landscaping and safety, use of the fields and retain existing use of the site by two non-profits. Funding of $0.80 million and 3/3.0 FTE positions will support expanded program capacity for the South County Teen Center and South County Senior Center at Original Mount Vernon High School once the next phase of redevelopment has been completed.

Opportunity Neighborhoods

Funding of $0.35 million and 1/1.0 FTE position will support the expansion of Opportunity Neighborhoods (ON) to a to-be-determined area in the County. 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.

Parks and Libraries

Park Authority

Operations and Maintenance

Funding of $2.37 million is identified for Park operations and maintenance throughout the Park system. Funding would also provide for increased ADA accommodations, additional park security, forestry operations including contracted arboreal work to the ability to respond to tree complaints promptly, and additional contracted mowing.

Social Equity

Funding of $0.60 million is identified to advance the County's mission of social equity. Funding would provide for reduced membership rates at RECenters, and scholarship programs for classes and programs to ensure that vulnerable populations have an opportunity to learn lifelong skills such as swimming, fitness, and wellness. In order to meet the scholarship demands of the growing number of County residents living in poverty so that they may enjoy access to recreational amenities, the Park Authority has identified a level of funding that current resources are unable to bear without General Fund assistance.

Capital Equipment

Funding of $1.50 million is identified for replacement maintenance equipment which is beyond its life expectancy. Approximately 44 percent of the current maintenance equipment is beyond its useful life or repairs are no longer cost effective.

Public Library

Funding of $1.90 million is identified to continue the effort to make regional and community library branch hours consistent. The FY 2021 Advertised Budget includes funding to move 11 of the 22 full-service library branch locations to one set of standardized hours: 10am to 9pm Monday through Wednesday and 10am to 6pm Thursday through Sunday. Phase two would move six additional community branch libraries to the new, consistent hours.

Community Development

Transportation

The General Assembly continues to discuss its approach to transportation funding during its 2020 session, and staff will monitor the impact of any legislative action on the County's transportation obligations. A placeholder of $10.00 million has been included in FY 2022 for transportation requirements, recognizing the need for recurring baseline funding for the opening of Phase 2 of the Silver Line, to support operating costs that were previously funded with one-time State Aid balances, and to support Connector bus fleet replacement reserves. This estimate will be refined as part of the FY 2021 Adopted Budget Plan based on General Assembly action and updated estimates of Metro funding requirements.

Department of Housing and Community Development

Patrick Henry Family Shelter

Funding of $1.53 million is identified for the Patrick Henry Family Shelter Permanent Supportive Housing Program. The Office to Prevent and End Homelessness, within the Department of Housing and Community Development, is expanding the programs tied to the Patrick Henry Family Shelter to include permanent supportive housing, which is needed to house families with children that have no other housing options due to significant housing barriers, such as long-term disabilities and extremely low income. The new facility will be constructed with 16 supportive housing units. Nine units will be leased in the nearby community to replace the current on-site shelter units.

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. In FY 2021, in accordance with the Board's budget guidance, a one cent increase to the Real Estate Tax rate is proposed to increase funding allocated to this purpose. When combined with existing revenue, this will result in one and a half cents on the Real Estate Tax – or $39.7 million annually – dedicated for the preservation and development of affordable housing. From FY 2006 through FY 2019, the Affordable Housing Development and Investment Fund provided a total of $234.8 million for affordable housing and preserved a total of 3,016 affordable units in the County. Funding equivalent to one and half cents on the Real Estate Tax is expected to continue in FY 2022.

Cost of County Operations

Information Technology

Recurring funding in the baseline is required to support the multi-year implementation of existing IT projects. This funding would support critical IT investments designed to improve access to County services, promote government operational efficiencies and effectiveness, and increase performance and security capabilities. While a funding requirement of $23.85 million has been identified, this amount has not been included in the multi-year projection as it is anticipated that IT projects will continue to be funded through the quarterly reviews.

Next Steps in the Multi-Year Process

Balancing the FY 2022 Budget

Although the revenue projections and inventory of disbursement priorities included above set the stage for the FY 2022 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 2022 and FY 2023 Multi-Year Budget, others will require policy decisions to be made. Adjustments to develop a balanced FY 2022 budget could include efficiencies, reduction options, revenue enhancement options or deferral of a number of 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 2022 budget forecast presents a challenging picture as a result of projections that the County will continue to experience constrained revenue growth. The disbursement increases that could be accommodated within the projected revenue growth are limited, and would not address a number of 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 2022 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 2022 and which items to exclude or delay until FY 2023 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 2022. The FY 2022 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 5.51 percent, and total disbursements are shown to exceed available resources. The FY 2022 projection will be refined over the coming year, and the FY 2022 Advertised Budget Plan, when presented to the Board of Supervisors, will be balanced.

MULTI-YEAR BUDGET
FY 2017-2022
(in millions)

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Revised	FY 2021 Advertised	FY 2022 Projected	Inc/(Dec) Over FY 2021	% Inc/(Dec) Over FY 2021
Beginning Balance	$166.09	$212.81	$234.06	$268.48	$184.89	$185.01	$0.12	0.07%
Revenue								
Real Property Taxes	$2,601.55	$2,651.84	$2,796.96	$2,894.70	$3,054.28	$3,151.84	$97.56	3.19%
Personal Property Taxes	401.59	411.12	421.83	437.50	442.47	447.50	5.03	1.14%
General Other Local Taxes	513.76	526.92	528.25	544.27	547.92	557.29	9.37	1.71%
Permit, Fees & Regulatory Licenses	52.20	52.72	55.87	54.87	54.97	56.07	1.10	2.00%
Fines & Forfeitures	12.73	12.18	12.26	11.80	11.80	11.80	0.00	0.00%
Revenue from Use of Money & Property	29.54	43.52	71.18	60.90	48.45	49.22	0.77	1.59%
Charges for Services	81.49	82.47	85.48	86.40	87.15	88.28	1.12	1.29%
Revenue from the Commonwealth	306.24	305.49	307.42	312.90	313.20	313.20	0.00	0.00%
Revenue from the Federal Government	42.96	42.58	43.97	40.73	40.24	40.24	0.00	0.00%
Recovered Costs/Other Revenue	16.92	17.41	18.61	15.70	16.23	16.64	0.41	2.50%
Total Revenue	$4,058.97	$4,146.27	$4,341.83	$4,459.76	$4,616.71	$4,732.07	$115.36	2.50%
Transfers In	$10.17	$10.07	$10.17	$9.08	$8.71	$8.71	$0.00	0.00%
Total Available	$4,235.23	$4,369.15	$4,586	$4,737	$4,810	$4,926	$115.48	2.40%
County Disbursements								
County Debt Service	$136.75	$146.04	$147.05	$131.76	$131.04	$135.18	$4.14	3.16%
Capital	37.07	50.69	51.06	39.12	19.67	29.67	10.00	50.85%
Contributories/Grants	18.78	18.90	20.08	18.90	17.61	17.61	0.00	0.00%
Legislative-Executive Functions/ Central Services	144.40	147.73	171.20	157.84	159.00	162.55	3.55	2.23%
Judicial Administration	38.66	39.40	41.60	45.05	46.46	47.75	1.29	2.77%
Public Safety	472.03	480.52	505.14	548.42	559.91	587.18	27.27	4.87%
Public Works	74.90	76.47	78.45	81.85	81.00	82.10	1.10	1.36%
Health and Welfare	446.65	452.86	468.83	512.53	513.39	548.19	34.81	6.78%
Parks and Libraries	51.64	53.76	55.67	59.61	61.02	69.08	8.06	13.22%
Community Development	99.29	100.17	115.83	146.79	167.61	180.76	13.15	7.85%
Nondepartmental (Fringe Benefits)	363.43	375.14	391.53	421.20	422.41	439.19	16.78	3.97%
Subtotal County	$1,883.61	$1,941.68	$2,046.45	$2,163.06	$2,179.11	$2,299.26	$120.15	5.51%
Schools Transfers								
School Operating	$1,913.52	$1,966.92	$2,051.66	$2,136.02	$2,221.53	$2,351.51	$129.98	5.85%
School Construction	13.10	13.10	15.60	13.10	13.10	13.10	0.00	0.00%
School Debt Service	189.87	189.13	193.38	197.98	198.18	202.34	4.16	2.10%
Subtotal Schools	$2,116.49	$2,169.15	$2,260.64	$2,347.10	$2,432.82	$2,566.95	$134.14	5.51%
Reserve Contributions	$22.32	$24.26	$10.48	$37.29	$13.37	$15.38	$2.00	14.99%
Total Disbursements	$4,022.41	$4,135.09	$4,317.57	$4,547.45	$4,625.30	$4,881.59	$256.29	5.54%
Total Ending Balance	$212.81	$234.06	$268.48	$189.87	$185.01	$44.20	($140.81)	(76.11%)
Less:								
Managed Reserve	$106.47	$126.03	$168.04	$184.89	$185.01	$194.63	$9.62	5.20%
Other Reserves	0.24	0.12	1.57	4.98	0.00	0.00	0.00	-
Total Available	$106.10	$107.90	$98.88	$0.00	$0.00	($150.43)	($150.43)	-