

Department of Management and Budget

Mission

The mission of the Department of Management and Budget (DMB) is to provide financial and analytical consultant services; develop, implement, and monitor a financial plan; and produce information for Fairfax County agencies, the Board of Supervisors, the County Executive, and residents in order to maintain the County's fiscal integrity and accountability, as well as to support effective decision-making. In addition, the department serves as the centralized functional support organization for the County's enterprise resource planning system, FOCUS.

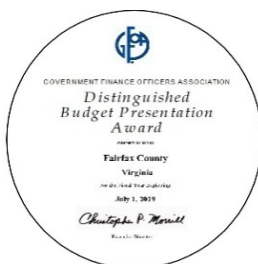
Focus

The Department of Management and Budget is chiefly responsible for coordination of the County's annual budget process, which includes the financial forecast, development of budget guidelines, review of agency and program requests, presentation of recommendations to the County Executive, preparation of the Advertised Budget Plan, support of deliberations by the Board of Supervisors and preparation of the Adopted Budget Plan, which exceeds \$8 billion for all funds, including over \$4 billion for General Fund Disbursements.

As a growing and increasingly diverse community, Fairfax County faces significant budget challenges regarding increasing service demands in a climate of constrained fiscal resources. In addition to requirements associated with population growth, Fairfax County's budget has been impacted by external factors. Restrictions on revenue diversification, for example, severely limit the County's flexibility in addressing budget requirements and place a disproportionate burden on property owners, particularly residential taxpayers. Similarly, balancing the maintenance of an aging infrastructure with the needs of a growing population requiring expanded or new facilities is challenging.

One of the department's goals is to continue to work to expand public access to information at all stages of the budget formulation process and to increase transparency. For example, DMB continues to engage residents and businesses by participating in community meetings on the budget and provide support to civic groups. This affords residents a better understanding of their County government, the services it offers, and the role they can play in shaping budget decisions. In addition, the use of technology has played an increasingly significant role in the dissemination of budget information. The department has expanded the availability of online data, which includes all information contained in published budget volumes, as well as quarterly reviews, budget calendars, economic data, and historical files. The department is constantly updating its website (www.fairfaxcounty.gov/budget) to make the site more user-friendly and educational. The department also worked closely with staff from the Department of Information Technology, the Department of Finance and Fairfax County Public Schools (FCPS) on a countywide transparency initiative. Interested users are able to visit www.fairfaxcounty.gov/topics/financial-transparency to view amounts paid to vendors and expenditures by both the County and FCPS from FY 2013 to FY 2020. In addition, the Financial Transparency web page includes links to resources that provide a clear view of government and FCPS operations and how tax dollars are spent such as the County Comprehensive Annual Financial Report (CAFR), the Public Schools CAFR, the Popular Annual Financial Report (PAFR), and the contract register to facilitate easier navigation and research for residents and to generate community interest.

As a measure of the quality of its budget preparation, Fairfax County was awarded the Government Finance Officers Association's (GFOA) Distinguished Budget Presentation Award by meeting rigorous criteria for the budget as a policy document, financial plan, operations guide and communications device for the 35th consecutive year. The department will continue to build on this success by continuing to enhance accountability, transparency, and usefulness of the budget.



DMB's role extends considerably beyond budget preparation and DMB plays an essential role in many efforts that intersect with the budget, as well as those that involve cross-cutting issues and many or all County agencies and the community.

For example, DMB oversees the sale of bonds which fund the majority of the County's capital program, including school construction; coordinates special financings which optimize the timely and cost-effective provision of critical facilities; and leads the coordination and development of the County's Capital Improvement Program (CIP). In terms of legislative analysis, DMB monitors and analyzes proposals at the state level for fiscal impact and partners with agencies on issues concerning changes on the federal level that have programmatic and/or fiscal impacts on the County. In addition, DMB also continues to partner successfully with the Department of Human Resources and all agencies to integrate workforce planning into County business operations to ensure that appropriate staffing resources are available to achieve strategic goals and objectives. This proactive focus enables the County to anticipate needs and collaborate on the most cost-effective means of meeting those needs.

DMB also helped to coordinate the County's strategic planning process that kicked off in November 2018, and continues into 2020, to develop the first strategic plan for the County as a whole. Based on the work conducted in the first phase of the strategic planning process, a plan has been developed and will be presented to the Board of Supervisors on February 25, 2020, for discussion and consideration. During this phase, the Board will review, provide feedback, make changes, and, ultimately, provide policy and budget guidance for year-one implementation of the plan. For more information on the strategic plan, go to <https://www.fairfaxcounty.gov/strategicplan>. It is anticipated that the next phase of the process will include integration of the strategic plan into the budget preparation and decision-making process, as well as normalizing strategic plan integration across all areas of County operations. DMB staff will lead the effort to gather, compile and report on data that will allow for monitoring and reporting on the key performance indicators identified as part of the nine priority outcome areas; align data gathering, utilization and presentation across the organization; integrate performance measurement and benchmarking programs with the strategic plan; monitor progress towards achievement of successful outcomes; and make data more accessible to decision-makers and residents. DMB will work with their counterparts across the organization to determine the right data to compile and report, to make data consistent and accurate, and to provide an easy to use method to regularly report progress towards the key performance indicators.



DMB coordinates the County's performance measurement program, including oversight of the County's participation in the International City/County Management Association's (ICMA) comparative data initiative where service areas are benchmarked annually, and comparisons of efficiency and effectiveness are included in the annual budget document. In 2019, Fairfax County was awarded ICMA's Certificate of Excellence, its highest level of recognition for excellence in performance measurement, for the eleventh consecutive year. Fairfax County is one of 27 jurisdictions recognized for this prestigious award and one of 63 jurisdictions recognized overall.

The department is home to the Economic, Demographic and Statistical Research (EDSR) unit. The EDSR conducts quantitative research, analysis and modeling in order to produce the County's official small area estimates and forecasts of population, households and housing units. EDSR also analyzes and summarizes existing housing characteristics, commercial and industrial space information, land use information, and economic and demographic data for Fairfax County. These data and analyses produced by EDSR are used for program planning, CIP planning, policy initiatives, grant writing, budgeting, revenue forecasting, and performance measurement. This work closely aligns with budget preparation and decision making and allows greater collaboration and integration of the unit's data with countywide planning and decision-making.

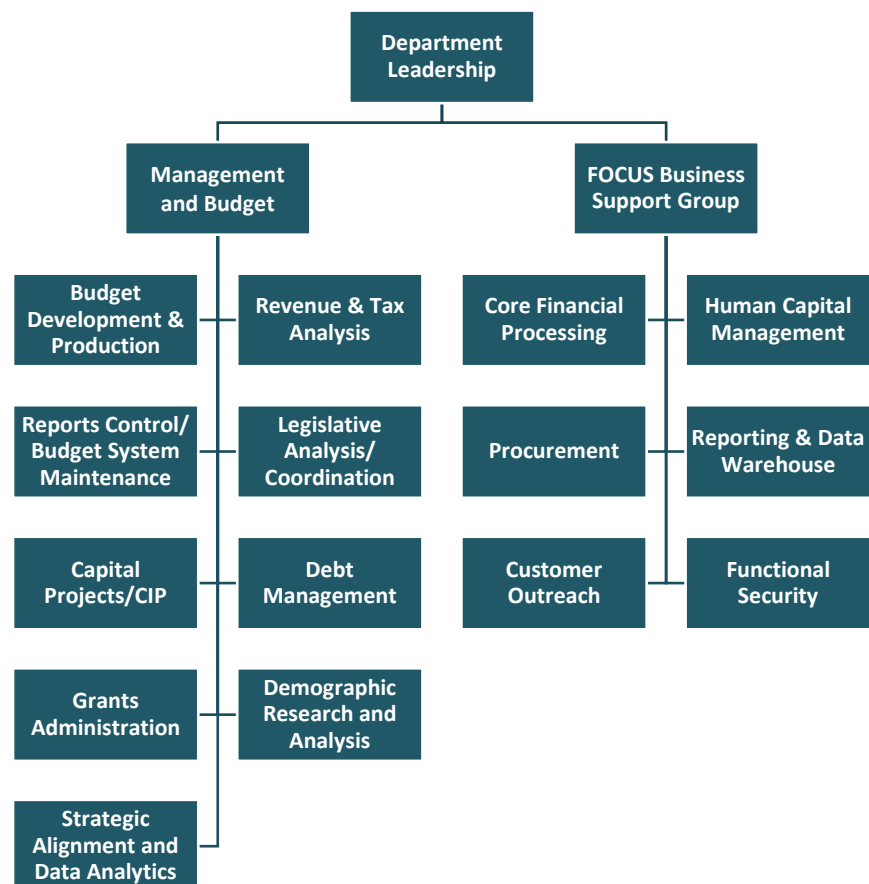
Department of Management and Budget

EDSR's role extends beyond data utilized for Fairfax County Government decision making. For example, EDSR participates in the Metropolitan Washington Council of Governments' Cooperative Forecasting and Data Subcommittee in charge of producing a regional 30-year forecast of population and households. EDSR also acts as the Census Bureau's liaison for Fairfax County and works on numerous programs to support the Decennial Census. This includes major programs that require rigorous analysis and data integrity research to provide input on the development of methodology, such as support provided to the Participants Statistical Areas Program (PSAP) which requires intensive analysis for boundary line creation or adjustment for data tabulation; work with GIS to provide Local Updates of Census Addresses (LUCA) which focuses on updating addresses for housing units and group quarters population; and provision of informational resources to the Complete Count Committee and Redistricting. In addition, EDSR's role will be to disseminate census data and provide technical assistance to bridge data usage. For more information on the 2020 Census and Fairfax County Government's role, go to <https://www.fairfaxcounty.gov/topics/census>



The department is also home to the centralized functional support group for the County's enterprise resource planning system, FOCUS. The FOCUS Business Support Group (FBSG) serves in the capacity of functional system administrator for the FOCUS system. All work is implemented in partnership with the core business process owners (Department of Human Resources, Department of Management and Budget, Department of Finance, Department of Procurement and Material Management, and the Fairfax County Public Schools), who determine how policies and procedures should be applied in the system, and the technical system administrators for the system (Department of Information Technology).

Organizational Chart



Budget and Staff Resources

Category	FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised
FUNDING				
Expenditures:				
Personnel Services	\$4,872,526	\$5,336,180	\$5,336,180	\$5,890,093
Operating Expenses	496,873	180,819	677,686	180,819
Total Expenditures	\$5,369,399	\$5,516,999	\$6,013,866	\$6,070,912
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)				
Regular	54 / 54	54 / 54	57 / 57	57 / 57

FY 2021 Funding Adjustments

The following funding adjustments from the FY 2020 Adopted Budget Plan are necessary to support the FY 2021 program:

Employee Compensation **\$223,913**
 An increase of \$223,913 in Personnel Services includes \$109,926 for a 2.06 percent market rate adjustment (MRA) for all employees and \$113,987 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2020.

Data Analytics Support **\$230,000**
 An increase of \$230,000 in Personnel Services is included to support 2/2.0 FTE positions redirected in FY 2020 due to workload requirements to better align data governance and utilization resources.

Demographics and Statistical Research Support **\$100,000**
 An increase of \$100,000 in Personnel Services is included to support 1/1.0 FTE position redirected in FY 2020 due to workload requirements to support demographics and statistical research efforts.

Changes to FY 2020 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2020 Revised Budget Plan since passage of the FY 2020 Adopted Budget Plan. Included are all adjustments made as part of the FY 2019 Carryover Review, and all other approved changes through December 31, 2019.

Carryover Adjustments **\$496,867**
 As part of the FY 2019 Carryover Review, the Board of Supervisors approved funding of \$496,867 in Operating Expenses, including \$396,867 in encumbered funding and \$100,000 for resources and marketing materials in support of the Complete Count effort for the 2020 Census.

Data Analytics Support **\$0**
 The County Executive approved the redirection of 2/2.0 FTE positions to the Department of Management and Budget due to workload requirements associated with data governance and utilization.

Demographics and Statistical Research Support **\$0**
 The County Executive approved the redirection of 1/1.0 FTE position to the Department of Management and Budget due to workload requirements associated with demographics and statistical research efforts.

Cost Centers **Management and Budget**

The Management and Budget cost center is responsible for the preparation and publication of the County's Advertised and Adopted budget plans, as well as the Capital Improvement Program. Additionally, the County's debt management program and economic, demographic and statistical research are coordinated in this cost center.

Category	FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised
EXPENDITURES				
Total Expenditures	\$3,182,699	\$3,298,512	\$3,795,379	\$3,700,469
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)				
Regular	30 / 30	30 / 30	34 / 34	34 / 34

FOCUS Business Support Group (FBSG)

The FBSG provides technical and functional support to all County users for the integrated FOCUS system, including financial, purchasing, budgetary, and human capital management issues. This cost center manages all security related to the system, coordinates with the Department of Information Technology on enhancements and upgrades to the system and performs regular maintenance activities.

Category	FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised
EXPENDITURES				
Total Expenditures	\$2,186,700	\$2,218,487	\$2,218,487	\$2,370,443
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)				
Regular	24 / 24	24 / 24	23 / 23	23 / 23

Position Detail

The FY 2021 Advertised Budget Plan includes the following positions:

MANAGEMENT AND BUDGET – 34 Positions			
1	Director	1	Sr. Economic and Statistical Analyst
1	Deputy Director	3	Economic and Statistical Analysts
6	Management and Budget Coordinators	2	Management Analysts IV
3	Budget Analysts IV	1	Management Analyst I
8	Budget Analysts III	1	Business Analyst III
4	Budget Analysts II	1	Business Analyst I
1	Administrative Assistant V	1	Administrative Assistant III
FOCUS BUSINESS SUPPORT GROUP (FBSG) – 23 Positions			
1	Deputy Director	10	Business Analysts III
1	Management and Budget Coordinator	3	Business Analysts II
1	Budget Analyst IV	1	Business Analyst I
6	Business Analysts IV		

Performance Measurement Results

A critical measure of accurate fiscal forecasting and careful budget management is minimal variance between projected and actual revenue and expenditures. 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 and expenditures. During FY 2019, DMB exceeded the 2.0 percent target for revenue projections by achieving a variance of only 0.4 percent from the final General Fund budget estimate. The actual variance for expenditures of 3.4 percent was just shy of the 2.0 percent variance target, as County managers continued to prudently manage their departmental budgets.

Through diligent fiscal management, Fairfax County is able to borrow at the most competitive rates available. The County continues to realize savings on bond sales based on its Triple-A rating from all three bond rating agencies, a distinction shared, as of January 2020, by only 48 counties, 13 states, and 34 cities nationally. Bond ratings are a measure of a government's financial condition. It means that financial professionals have evaluated the County's fiscal management practices over a period of time and have expressed confidence that Fairfax County is able to meet its scheduled interest and principal payments. Fairfax County's Bond ratings are determined by Moody's Investors Services, Standard & Poor's Corporation, and Fitch Investors Service and represent the highest ratings that can be awarded for general obligation bonds. Ratings for special financings are lower based on credit issues unique to each financing but benefit from the County's underlying general obligation bond rating.

When DMB sells bonds on behalf of the County for capital facilities and infrastructure, the Triple-A rating results in significant interest rate savings. On January 28, 2020, the County conducted a General Obligation Public Improvement new money and current refunding bond sale for the Series 2020A via a competitive sale in the par amount of \$314.39 million at a low interest cost of 1.80 percent. There were five bidders and the second lowest bid was only 0.01 percent higher than the winning bid. The number of bids and tight proximity of the bids reiterated a strong support of the County's bond offerings and credit ratings.

As a result of the County's excellent triple-A bond rating, the County has saved an estimated \$911.79 million from County bond and refunding sales. Paying less interest on debt for capital projects means that more funding is available for public facilities and services for residents.

The accuracy of the Economic, Demographic and Statistical Research (EDSR) unit's population forecasting assumptions, methodology and model is important because the forecasts are used to plan for future facilities and programs. For FY 2019, EDSR exceeded their accuracy target with the population forecasts made in 2014 for 2019 being only 1.6 percent different from the actual population. While there are no industry standards for an acceptable error level for population forecasting, research published by the Bureau of Economic and Business Research at the Warrington College of Business Administration concluded that county-level population forecast errors of +/- 5.5 percent or less for a five-year horizon forecast could be considered a "good record of forecast accuracy."

Department of Management and Budget

Indicator	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate/Actual	FY 2020 Estimate	FY 2021 Estimate
Percent variance in actual and projected revenues	0.9%	0.7%	2.0%/0.4%	2.0%	2.0%
Percent variance in actual and projected expenditures	2.7%	3.2%	2.0%/3.4%	2.0%	2.0%
Interest rate for GO bond sales	2.87%	2.66%	2.90%/2.90%	1.80%	NA
Savings for bond sales (in millions) compared to the Bond Buyer 20-bond municipal index ¹	\$23.02	\$17.99	\$26.97/\$29.97	\$16.68	NA
Savings associated with refundings (in millions) ¹	NA	NA	\$3.30/\$3.30	\$15.77	NA
Accuracy of five-year population forecasts measured as difference between forecast made five years ago and current estimate	0.6%	0.9%	5.0%/1.6%	5.0%	5.0%

¹ For bond sale interest rate and savings, note that in some fiscal years, multiple bond sales were held, while in others, only one was held. The dollar value and interest rate for special financings and refundings cannot be projected as they do not take place unless the prevailing interest rates indicate it is favorable to undertake them. Therefore, while no projections are made for this category, actual results are reported.

A complete list of performance measures can be viewed at
<https://www.fairfaxcounty.gov/budget/fy-2021-advertised-performance-measures-pm>