

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.

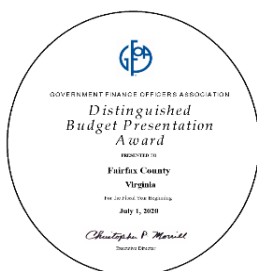
Focus

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 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 providing 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 since FY 2013. 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, the Public Schools Annual Report, 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 36th consecutive year. The department will continue to build on this success by continuing to enhance accountability, transparency, and usefulness of the budget.



DMB's work 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, multiple County agencies, and the community.

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 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.

The department also helped to coordinate the County's strategic planning process 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 was developed and presented to the Board of Supervisors on February 25, 2020. However, as a result of the COVID-19 pandemic, consideration of the plan by the Board and the public was postponed. Based on the significant impact of the pandemic, and other broad social changes which have occurred across the country over the past year, staff has been working on making updates to the plan. Concurrent with the release of the FY 2022 budget proposal, the County Executive also released the updated strategic plan, which is available at <https://www.fairfaxcounty.gov/strategicplan>. During the next phase, the Board will seek community input to provide feedback, make changes, and, ultimately, approve the plan in Fall 2021. Upon approval, the strategic plan will be more fully integrated into the budget preparation and decision-making process. DMB is home to the Countywide Strategic Plan Coordination unit responsible for leading 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; and monitor progress towards achievement of successful outcomes. The Countywide Strategic Plan Coordination unit will work with 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.

In addition, DMB is also home to the Countywide Data Analytics (CDA) unit. The role of CDA is to develop policies, practices, and tools that increase the routine use of data for planning, problem-solving, and decision-making. Fairfax County collects and uses a vast amount of data, and DMB is charged with facilitating activities to maximize the value of that data through effective data management practices and targeted analyses that provide insights to inform priorities. The objective is to increase access to relevant data and produce actionable information to guide our efforts through improvements in the collective analysis, disaggregation, and dissemination of data for greater interpretation, evaluation, and accountability.

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 2020, Fairfax County was awarded ICMA's Certificate of Excellence, its highest level of recognition for excellence in performance measurement, for the twelfth consecutive year. Fairfax County is one of 25 jurisdictions



recognized for this prestigious award and one of 60 jurisdictions recognized overall. With the expected approval of the countywide strategic plan, and the renewed efforts to utilize data more effectively, it is anticipated that the performance measurement program will see substantial changes in the coming years. DMB's goal is to create a comprehensive program which integrates metrics at all levels of the organization to inform policy and budgetary decisions by County leaders, as well as provide a dashboard for residents to easily track measures of most interest to them.

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.

EDSR's role extends beyond data utilized for County 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).

Pandemic Response and Impact

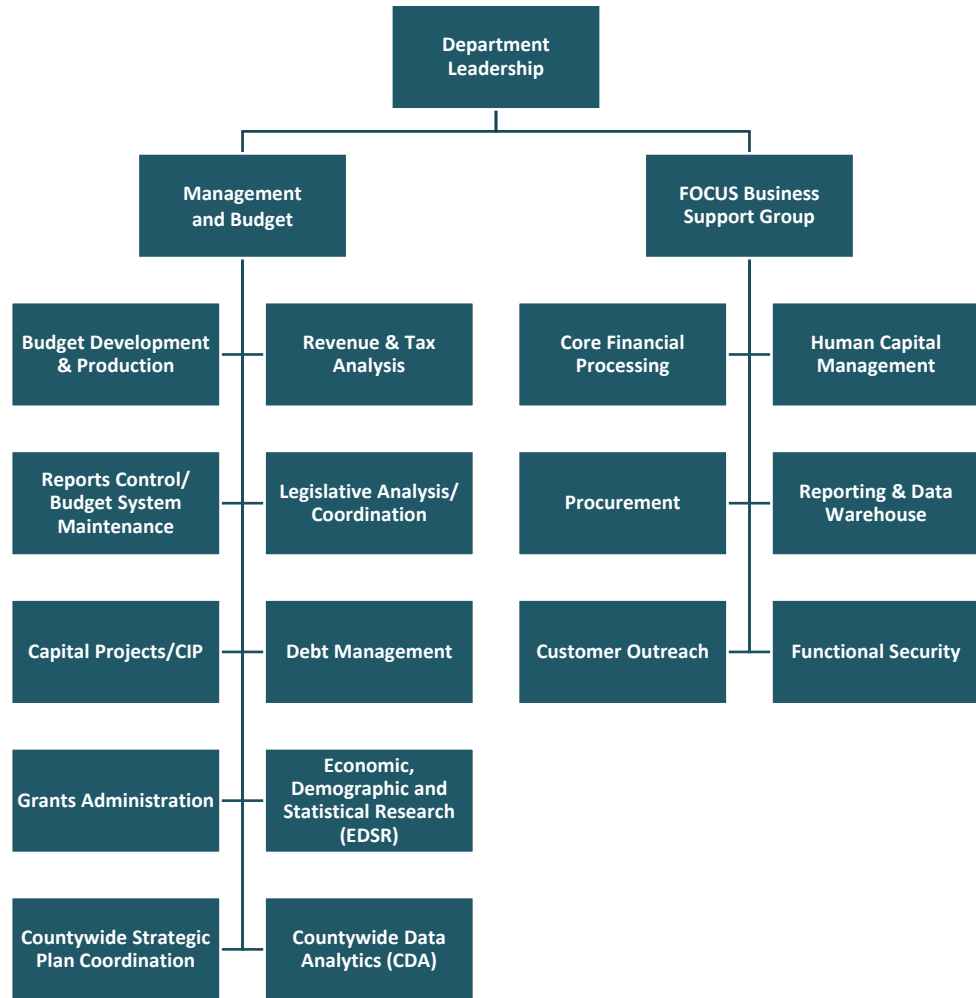
In response to COVID-19, DMB has adapted quickly and ably to address rapidly changing requirements including:

- ensuring that funding was quickly identified to aid in emergency procurement requests to address critical needs such as the procurement of personal protective equipment (PPE);
- revising the current year budget and creating a framework for regular updates to the Board of Supervisors and County leadership for the upcoming budget year in light of rapidly evolving economic conditions;

- working with FOCUS Business Process Owners to ensure continuity of operations (e.g., working with DHR to ensure the ERP system was updated to reflect passed federal legislation, new leave options and benefits-related changes; working with DOF to stand up a backup check printer and sealer to provide planning and preparation for continuity of operations; and testing new remote time entry and approval options); and
- coordinating and managing new initiatives such as the allocation, monitoring, and reporting of more than \$200 million in federal funding from the Coronavirus Aid, Relief and Economic Security (CARES) Act Coronavirus Relief Fund, \$222.9 million anticipated through the America Rescue Plan Act (ARPA), and all approved FEMA reimbursements. For more information and updates on Fairfax County Government's application for and receipt of stimulus funding, go to <https://www.fairfaxcounty.gov/budget/cares-act-stimulus-funding-update>.

Beginning in March 2020, approximately 95 percent of DMB staff began teleworking full-time due to the COVID-19 pandemic to promote adherence to social distancing guidelines and recommendations. It should be noted that with the virtual and telework tools provided by the Department of Information Technology, all staff have been able to continue to seamlessly provide budget, demographics, strategic plan, data analytics, and functional system administration support during the COVID-19 pandemic. Many of the adaptations that DMB has utilized during the pandemic to virtualize operations and effectively enable employees to work remotely will serve the agency well throughout the different recovery phases and will continue to inform operations in the future.

Organizational Chart



Budget and Staff Resources

Category	FY 2020 Actual	FY 2021 Adopted	FY 2021 Revised	FY 2022 Advertised	FY 2022 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$5,084,766	\$5,336,180	\$5,385,180	\$5,336,180	\$5,404,542
Operating Expenses	657,528	180,819	209,370	180,819	180,819
Total Expenditures	\$5,742,294	\$5,516,999	\$5,594,550	\$5,516,999	\$5,585,361
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	57 / 57	57 / 57	57 / 57	57 / 57	57 / 57

FY 2022 Funding Adjustments

The following funding adjustments from the FY 2021 Adopted Budget Plan are necessary to support the FY 2022 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the Budget on May 4, 2021.

Employee Compensation **\$68,362**
 An increase of \$68,362 in Personnel Services is included for a 1.00 percent market rate adjustment (MRA) for all employees effective July 2021.

Changes to FY 2021 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2021 Revised Budget Plan since passage of the FY 2021 Adopted Budget Plan. Included are all adjustments made as part of the FY 2020 Carryover Review, FY 2021 Mid-Year Review, FY 2021 Third Quarter Review, and all other approved changes through April 30, 2021.

Carryover Adjustments **\$28,551**
 As part of the FY 2020 Carryover Review, the Board of Supervisors approved \$28,551 in encumbered funding in Operating Expenses.

Third Quarter Adjustments **\$49,000**
 As part of the FY 2021 Third Quarter Review, the Board of Supervisors approved funding of \$49,000 in Personnel Services for a one-time compensation adjustment of \$1,000 for merit employees and \$500 for non-merit employees paid in May 2021.

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, countywide strategic plan coordination, countywide data analysis and reporting, and economic, demographic, and statistical research are coordinated in this cost center.

Category	FY 2020 Actual	FY 2021 Adopted	FY 2021 Revised	FY 2022 Advertised	FY 2022 Adopted
EXPENDITURES					
Total Expenditures	\$3,494,411	\$3,238,512	\$3,295,063	\$3,238,512	\$3,279,204
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	35 / 35	35 / 35	35 / 35	35 / 35	35 / 35

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 2020 Actual	FY 2021 Adopted	FY 2021 Revised	FY 2022 Advertised	FY 2022 Adopted
EXPENDITURES					
Total Expenditures	\$2,247,883	\$2,278,487	\$2,299,487	\$2,278,487	\$2,306,157
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	22 / 22	22 / 22	22 / 22	22 / 22	22 / 22

Position Detail

The FY 2022 Adopted Budget Plan includes the following positions:

MANAGEMENT AND BUDGET – 35 Positions			
1	Director	1	Data Scientist IV
1	Deputy Director	2	Data Scientists III
6	Management and Budget Coordinators	1	Data Scientist II
4	Budget Analysts IV	1	Management Analyst IV
8	Budget Analysts III	1	Management Analyst III
3	Budget Analysts II	1	Management Analyst I
1	Administrative Assistant V	1	Business Analyst III
1	Administrative Assistant III	1	Business Analyst I
1	Financial Specialist IV		
FOCUS BUSINESS SUPPORT GROUP (FBSG) – 22 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
5	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 2020, actual revenues were slightly below budget estimates due to the economic uncertainty in the third and fourth quarters of the fiscal year as a result of the COVID-19 pandemic. Based on historical trends, close monitoring, and actions to offset the loss of revenue, staff anticipated and realized expenditure savings to offset revenue losses. The actual variance for expenditures after excluding Coronavirus Relief Funds was approximately 5.9 percent, which is higher than the historical trend, but can be attributed to County managers continuing to prudently manage their departmental budgets during the economic uncertainty as a result of the COVID-19 pandemic.

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 2021, by only 49 counties, 13 states, and 33 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

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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 26, 2021, the County conducted a General Obligation Public Improvement new money bond sale for the Series 2021A via a competitive sale in the par amount of \$254.19 million at a low interest cost of 1.23 percent. There were eight 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 \$963.16 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 2020, EDSR exceeded their accuracy target with the population forecasts made in 2015 for 2020 being only 0.8 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."

Indicator	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Percent variance in actual and projected revenues ¹	0.7%	0.4%	2.0%	(0.3%)	2.0%	2.0%
Percent variance in actual and projected expenditures ²	3.2%	3.4%	2.0%	12.9%	2.0%	2.0%
Interest rate for GO bond sales ³	2.66%	2.90%	1.80%	1.80%	1.23%	NA
Savings for bond sales (in millions) compared to the Bond Buyer 20-bond municipal index ³	\$17.99	\$29.97	\$16.68	\$16.68	\$22.09	NA
Savings associated with refundings (in millions) ³	NA	\$3.30	\$15.77	\$15.77	\$29.28	NA
Accuracy of five-year population forecasts measured as difference between forecast made five years ago and current estimate	0.9%	1.6%	5.0%	0.8%	5.0%	5.0%

¹ FY 2020 actual revenues were slightly below budget estimates due to the economic uncertainty in the third and fourth quarters of the fiscal year as a result of the COVID-19 pandemic. Based on historical trends, close monitoring, and actions to offset the loss of revenue, expenditure savings were anticipated and realized to offset revenue losses.

² FY 2020 actual expenditures realized a greater variance than in prior years, and part of this higher-than-normal variance is attributed to unspent Coronavirus Relief Funds. After excluding Coronavirus Relief Funds, the variance is around 5.9 percent, which is higher than the historical trend.

³ 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-2022-adopted-performance-measures-pm>