Multi-Year Budget – FY 2022 and FY 2023

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 2022) and framework for the subsequent year (FY 2023). 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.

The multi-year budget is a preliminary projection of revenues and disbursements for the upcoming fiscal year, and each year these estimates are adjusted as additional information becomes available during the budget process. Currently, there is additional uncertainty in the forecast due to the COVID-19 pandemic. County revenues have been impacted by stay-at-home orders and business closures, and County services have been modified to prevent the spread of the disease and better serve the community. The trajectory of the pandemic over the coming months will shape the County's outlook for FY 2023, and this preliminary projection will be updated and adjusted during FY 2022.

Summary of the Multi-Year Budget

The current forecast for FY 2023 indicates a challenging budget environment as the County recovers from the negative impact of the COVID-19 pandemic on the economy. Revenue growth is projected at a modest 2.71 percent assuming no tax rate increases. With this revenue growth, available resources would allow County disbursements and support for the Fairfax County Public Schools to increase by approximately 2.71 percent. As a result, $58.05 million would be available for County funding priorities and total County support for the Schools would increase by $64.51 million.

Available Resources based on Projected Revenue

County	$ in Millions	Schools
$58.05	Additional County Base Revenue ($122.56)	$64.51
$58.05	**Total Available**	**$64.51**

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 52.6 percent of disbursements, the same share as in the FY 2022 Adopted Budget Plan. School debt service requirements are projected to increase $2.25 million, and the transfer for School operations would increase by $62.26 million. As a result, FY 2023 support for the Schools would include transfers of $2.33 billion for operations, $199.4 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 $146.95 million in additional County disbursements. Schools transfers have been assumed to increase by 6.85 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 2023 (in millions)	% Inc/(Dec) Over FY 2022
Base Revenue Increase	**$122.56**	**2.71%**
County Disbursements	$146.95	6.85%
Schools Transfers	163.29	6.85%
Net Change in Reserve Contributions	33.00	
Total Uses of Funds	**$343.24**	
Net Balance	**($220.68)**	

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 2023 Advertised Budget Plan. Balancing the FY 2023 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 2023 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

In FY 2020, the County received one-time CARES federal stimulus revenue of $200.2 million to help fund COVID-19 related expenditures. In FY 2021, the County received an additional $111.4 million in federal stimulus revenue from the American Rescue Plan Act of 2021. A revenue decline of 2.14 percent is projected in FY 2021, mainly due to the larger amount of CARES stimulus revenue received in the previous fiscal year. Excluding the impact of federal stimulus revenue received in both FY 2020 and FY 2021, FY 2021 General Fund revenue is projected to decline 0.24 percent. In FY 2022, General Fund revenue is projected to decrease 0.64 percent due to the American Rescue Plan Act stimulus revenue received in FY 2021. Absent the stimulus revenue, FY 2022 revenue is expected to increase 1.85 percent. It should be noted that this level of revenue reflects the impact of the adopted $0.01 reduction in the Real Estate tax rate to $1.14 of $100 of assessed value in FY 2022. A General Fund revenue increase of 2.71 percent is currently projected in FY 2023, primarily as a result of projected increase in real estate and personal property assessments, as well as Local Sales Tax and Business, Professional and Occupational License (BPOL) Taxes. Charges for Services revenue is projected to experience a rebound in FY 2023 primarily due to a projected increase in School-Age Child Care (SACC) revenue, which was impacted in FY 2020 and FY 2021 by Fairfax County Public Schools (FCPS) decision to provide virtual learning in response to the pandemic and which will be dependent on the FCPS operating schedule in both FY 2022 and FY 2023. Revenue growth rates for individual categories are shown in the following table:

Category	Actual FY 2020	Projections FY 2021	FY 2022	FY 2023
Real Estate Tax – Assessment Base	**3.60%**	**3.76%**	**2.88%**	**2.60%**
Equalization	**2.45%**	2.71%	**2.02%**	**1.75%**
Residential	*2.36%*	*2.65%*	*4.25%*	*3.00%*
Nonresidential	*2.71%*	*2.87%*	*(4.05%)*	*(1.95%)*
Normal Growth	**1.15%**	**1.05%**	**0.86%**	**0.85%**
Personal Property Tax – Current[1]	**3.04%**	**(1.09%)**	**1.86%**	**1.50%**
Local Sales Tax	**2.17%**	**2.82%**	**1.38%**	**3.00%**
Business, Professional and Occupational License (BPOL) Taxes	**4.00%**	**(5.45%)**	**3.42%**	**3.50%**
Interest Rate Earned on Investments	**2.16%**	**0.74%**	**0.40%**	**0.40%**
Building Plan and Permit Fees	**0.78%**	**(6.72%)**	**0.75%**	**5.00%**
Charges for Services	**(17.98%)**	**(53.19%)**	**74.00%**	**23.28%**
State/Federal Revenue[1]	**145.88%**	**(26.79%)**	**(43.82%)**	**0.00%**
Total General Fund Revenue	**7.03%**	**(2.14%)**	**(0.64%)**	**2.71%**

[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

The COVID-19 pandemic brought the economic expansion, which had been the longest in U.S. history, to an abrupt end during the first quarter of 2020. The pandemic forced many states to impose economic lockdowns based on the need to restrict the spread of the COVID-19 virus. In 2020, the US economy shrank by 3.5 percent, the first such decline since the height of the financial crisis in 2009, and the largest decrease since 1946. The U.S. economy is currently expanding, reflecting the continued economic recovery, reopening of business establishments and continued government response related to the COVID-19 pandemic. Most economic forecasts anticipate that GDP growth will continue to accelerate in the second quarter of 2021.

As the U.S. economy partially shut down in the spring of 2020, the unemployment rate rocketed from a low of 3.5 percent in February 2020 to a peak of 14.8 percent. With the accelerating reopening of the economy, as of May 2021, the unemployment rate has fallen to 5.8 percent. However, the number of unemployed persons remains approximately 5.7 million higher than the pre-pandemic level in February 2020.

In recent months, as more Americans have been vaccinated, the economic recovery has begun to accelerate. Thanks to savings accumulated over the last year by Americans who were unable to spend due to the pandemic and government social benefits related to pandemic relief programs, notably direct economic impact payments to households established by the Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan Act, personal consumption expenditures increased by 11.3 percent in the first quarter of 2021 compared to the fourth quarter of last year. Many of the economic sectors hit the hardest by the pandemic shutdowns have mostly recovered. For example, over Memorial Day weekend, U.S. weekly hotel occupancy reached its highest level since before the pandemic, and occupancy was down just 4.2 percent compared to the comparable week in May 2019. For the first four months of 2021, restaurant sales were down just 4.7 percent compared to a similar period in 2019, but comparable April restaurant

sales increased 2.0 percent. For the first four months of 2021, overall retail sales were up 22.3 percent compared to 2020 and 17.2 percent higher compared to 2019.

In Northern Virginia, the local area economy has healed significantly but has not yet fully recovered. Much of the economic pain has been concentrated in lower wage sectors. From April 2019 to April 2020, the overall number of jobs fell by 157,100 or 10.4 percent, while jobs in the Leisure and Hospitality sector decreased more than 50 percent. The number of jobs in the well-paying Professional and Business Services sector decreased just 0.2 percent during that period. Despite job gains of 111,600 since April 2020, the total number of jobs remains approximately 3.0 percent below its April 2019 level, while the number of jobs in the Leisure and Hospitality sector remains almost 22 percent below its April 2019 level. Jobs in the Professional and Business Services sector have increased approximately 2.3 percent since April 2019. In April, the unemployment rate in Fairfax County was at 3.5 percent, much lower than last April's peak unemployment rate of 10.2 percent, but still higher than the pre-pandemic unemployment rate of 1.9 percent. The unemployment rate would be higher but for the fact that the total labor force also shrank by 2.7 percent, reflecting significantly lower labor market participation compared to pre-pandemic levels.

Current economic conditions make revenue forecasting uncertain. As the Federal Reserve Board's July 29, 2020 Federal Open Market Committee's statement made clear, "The path of the economy will depend significantly upon the path of the virus." With the number of vaccinated people increasing and the number of COVID-19 cases decreasing, in the short run, most forecasters expect the economy to boom, largely as the result of unprecedented government stimulus and continued low interest rates. Slowing but still robust growth is expected as the stimulus begins to wind down later this year. However, there might be some possible headwinds ahead. In April and May, the number of jobs added was less than economists expected, and the number of extended unemployment claims has increased since March, even as weekly claims continue to fall. There were a record number of job openings at the end of March, but employers are struggling to fill them. In addition, the reopening of the economy, consumers' accumulated unspent savings, and the government social benefits related to pandemic relief programs appear to have produced inflation in some key sectors. In April, compared to the previous year, the Consumer Price Index increased 4.2 percent, the largest 12-month increase since September 2008. Due to supply shortages and stimulus related demand, the cost for used cars and trucks increased by 21 percent compared to the previous April. The cost for gasoline increased by almost 50 percent, while the cost of restaurant food increased 3.8 percent. According to the Case-Shiller Index, as of March, the average home price was over 13 percent higher than the year before. Most economists expect the inflation to be transitory, but if that proves not to be the case, the Federal Reserve may have to increase interest rates sooner than expected to slow an overheated economy.

Real Estate Taxes

Reflecting market activity through calendar year 2020, FY 2022 Real Estate property values were established as of January 1, 2021, and rose 2.88 percent compared to the FY 2021 level. The total Real Estate Tax base is expected to increase 2.60 percent in FY 2023, primarily as a result of expected increases in residential property values, partially offset by continued weakness in the commercial sector.

Local Housing Market

Based on information from Bright MLS, the average sales price of homes sold in Fairfax County rose 8.4 percent from $601,506 in 2019 to $652,320 in 2020. Home prices continue to increase primarily as a result of the tight inventory of homes for sale and low mortgage rates. Bright MLS also reported that 16,739 homes sold in the County in 2020, up 3.7 percent compared to 2019. Homes that sold during 2020 were on the market for an average of 19 days, down from 24 days in 2019.

Residential assessed values are projected to increase a conservative 3.00 percent in FY 2023 after rising 4.25 percent in FY 2022. It should be noted that residential assessment increases could be much higher if the current real estate market conditions continue through the end of the year. Low interest rates and limited inventory have led to a highly competitive marketplace, pushing home sales prices ever higher. At the same time, overall affordability levels are declining. Residential properties constitute approximately three quarters of the County's real estate tax base.

Local Nonresidential Market

According to the Fairfax County Economic Development Authority, the direct office vacancy rate at year-end 2020 was 14.6 percent, up from 13.9 percent at year-end 2019. The overall office vacancy rate, which includes empty sublet space, was 15.5 percent at year-end 2020, up from 14.4 percent recorded at year-end 2019. The amount of empty office space increased to 18.5 million square feet. As a result, office property values experienced a 4.42 percent decrease in FY 2022. Of all the real estate sectors, the pandemic delivered the hardest and most immediate blow to hotels and retail, with hotel values declining 44.2 percent and retail down 10.20 percent.

Industry experts expect vacancy rates to increase as smaller office users let leases expire in favor of remote work and larger users put sublet space on the market. As the effects of the pandemic are expected to linger in the commercial sector, the overall value of all types of nonresidential properties in FY 2023 is tentatively projected to decrease 1.95 percent after declining 4.05 percent in FY 2022.

Personal Property Taxes

The Personal Property Tax is levied on vehicles in the County (76.5 percent of total), as well as business personal property. For FY 2022, receipts are projected to increase 1.9 percent. The projected increase in the average vehicle levy of 6.1 percent is based on an analysis of vehicles in the County valued with information from the J.D. Power's National Automobile Dealers Associations (NADA), which indicates a significant increase in average vehicle values.

Business personal property is primarily composed of assessments on furniture, fixtures, and computer equipment. Generally, during economic slowdown, businesses are not likely to purchase new equipment and some businesses could close altogether. A decline of 3.0 percent in FY 2021 was projected for business personal property levy as a result of the impact of the COVID-19 pandemic. However, based on actual business filings, growth of 3.9 percent is currently expected. In FY 2022, business personal property levy is anticipated to remain at the FY 2021 level.

The FY 2023 Personal Property Tax revenue is expected to increase 1.5 percent.

Other Major Revenue Categories

As it was not known during the adoption of the FY 2021 Adopted Budget Plan how long the economic recession and the steps taken to prevent the COVID-19 virus from spreading would last, the FY 2021 Sales tax revenue estimate assumed a decrease of 13.5 percent. However, receipts held up well, in large part due to a pandemic-related shift towards online spending. The *FY 2021 Revised Budget Plan* estimate reflects growth of 2.8 percent over the FY 2020 level. Sales Tax receipts are projected to increase 1.4 percent in FY 2022 and 3.0 percent FY 2023.

Since County businesses file and pay their BPOL taxes simultaneously on March 1 each year based on their gross receipts during the previous calendar year, there is limited actual data available throughout the fiscal year. The FY 2021 adopted BPOL revenue estimate was lowered significantly in the beginning of the pandemic based on the anticipation that business activity in the County would be severely impacted throughout FY 2021. The analysis based on the BPOL receipts processed by the Department of Tax Administration since March 2021 indicates a much faster recovery. A sizable

share of the County's BPOL revenue is derived from large federal government contractors who rely on federal procurement spending. Data indicates that federal procurement spending in the County, both defense and non-defense, continued to grow in calendar year 2020. The FY 2021 current BPOL revenue estimate assumes that these federal contractors were largely insulated from the impact of the economic disruption. Based on these assumptions and actual filings, FY 2021 BPOL tax revenue is projected to be down 5.4 percent compared to FY 2020. Based on the expectation that the economy will recover during calendar year 2021 and 2022, FY 2022 BPOL receipts are projected to be up 3.4 percent, followed by a 3.5 percent increase in FY 2023.

Revenue from Interest on Investments is highly dependent on Federal Reserve actions. Early in 2020, the Federal Reserve cut its target for the federal funds rate to a range of 0 percent to 0.25 percent. The Federal Reserve has made clear that the accommodative monetary policy will continue until the pandemic-related economic dislocations have abated. In March testimony before the House Committee on Financial Services, Chairman Powell stated, "The recovery is far from complete, so, at the Fed, we will continue to provide the economy the support it needs for as long as it takes." Based on the actions of the Fed, the FY 2022 and FY 2023 estimate for Investment Interest revenue assumes a yield of 0.40 percent.

Excluding the impact of the federal stimulus funding received by the County in FY 2021, no growth is projected for FY 2022 and FY 2023 in State and Federal revenue categories. It should be noted that within the forecast period the County anticipates receiving the second half, or approximately $111.4 million, from the ARPA federal stimulus funding. In addition, President Biden has proposed two additional large spending bills, including a $2.3 trillion infrastructure plan, and an additional $1.8 trillion in spending on a variety of social services. 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 2022 and FY 2023 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 2023 and FY 2024 multi-year budget development process in light of updated data and revenue projections. However, the modest revenue growth that is currently projected is insufficient to fund the identified items. 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 2024 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, employee benefit increases for retirement and health, and instructional resources. In addition, long-term investments are required for previously identified unfunded needs. 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 $21.73 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 2023. As a result, total County support for the Schools is projected to increase by approximately 6.85 percent, or $163.29 million. This amount includes an increase of $161.04 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 $2.25 million and the transfer to the School Construction Fund is expected to remain at $13.1 million.

Employee Pay

For purposes of the FY 2023 plan, a $49.50 million placeholder for employee pay increases is used. It should be noted that, as merit and longevity compensation increases are not included in the FY 2022 Adopted Budget Plan, there is no adjustment required in FY 2023 to accommodate the full-year impact. As a result, this projected compensation total is lower than in other years. This placeholder includes:

- Market rate increases (MRA) for all employees are included based on an assumed 1.5 percent MRA, at an estimated cost of $21.70 million. The actual MRA, based on the previously agreed to funding calculation, will be calculated in the fall of 2021. 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.

- Funding of $15.10 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 2022 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. A larger number of employees are now projected to be eligible for longevity increases in FY 2023 due to the deferral of longevity increases in FY 2021 and FY 2022.

- Funding of $10.20 million is required for public safety pay increases which reflect merit and longevity increases for all eligible public safety employees that 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. A larger number of employees are now projected to be eligible for longevity increases in FY 2023 due to the deferral of longevity increases in FY 2021 and FY 2022.

- A placeholder of $2.50 million is included in FY 2023 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 $16.00 million is included for employee benefits in the FY 2023 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 $3.69 million is identified for FY 2023 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 2023. 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 $1.80 million and 10/10.0 FTE positions is identified for FY 2023 as part 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. The FY 2022 Adopted Budget Plan includes an additional 16/16.0 FTE positions, completing the number of uniformed positions required to staff the station, with the final phase to be competed in FY 2023 with the addition of support staff positions.

Electronic Control Weapons (ECW)

The Ad-Hoc Police Practices Review Commission recommended several changes to the Police Department's current practice on Electronic Control Weapons including mandating that all uniformed officers in enforcement units carry an ECW on their person when on patrol, as well as mandating that all detectives and plain clothes officers regardless of rank carry an ECW on their vehicle when on duty. An increase of $0.25 million is identified in FY 2023 to support this initiative.

Fire and Rescue Department

Fire Station 44 – Scotts Run

An increase of $2.60 million and 19/19.0 FTE positions to staff a Fire Engine and support staff is identified for FY 2023. The Scotts Run Fire Station will provide a second fully functional Fire Station in Tysons East and will house a Fire Engine and a Medic Unit. The land, design, and construction associated with the new station was negotiated through a development partnership to support future growth in Tysons. The FY 2022 Adopted Budget Plan includes 6/6.0 FTE position to staff the Medic Unit. This funding will complete the staffing for the station.

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 2023, 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 2022 Adopted Budget Plan includes an additional 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 2023 to staff the South County Animal Shelter to address the growth needed 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 $1.20 million and 8/8.0 FTE positions have been identified in FY 2023 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 $1.63 million and 10/10.0 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 subsequent fiscal years 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.

Mobile Unit to Address Increasing Caseloads in Child Protective Services

An increase of $0.7 million and 6/6.0 FTE positions has been identified to support a new mobile unit needed to address increasing caseloads in Child Protective Services (CPS). The number of CPS referrals has increased 18 percent between FY 2017 and FY 2019 and the number of staff to respond to these referrals has stayed the same. While the number of referrals decreased in FY 2020, this was due to school closures related to the COVID-19 pandemic. It is expected that once schools re-open for in-person instruction, referrals for CPS services will significantly increase and exceed FY 2019 levels. The new mobile unit is needed in order to address the increasing caseloads as well as to stay in compliance with the Virginia Department of Social Services for both timeliness and accuracy of cases processed.

Funding to Replace Decreasing Workforce Innovation and Opportunity Act Grant Funding

The Workforce Innovation and Opportunity Act (WIOA) is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need. The County receives federal pass-through funding from the U.S. Department of Labor. Grant funding provided for the WIOA has been steadily decreasing for the last five years. The Department of Family Services has reduced staff levels each year to account for the decrease in funding; however, caseloads remain high and exceed the capacity of existing staff. Compounding the issue is the COVID-19 pandemic and the loss of jobs, disproportionately impacting lower skilled workers. Funding of $0.30 million and 2/2.0 FTE positions is needed to maintain current service levels.

Health Department

Epidemiology

Funding of $0.40 million and 3/3.0 FTE positions are needed in order to continue expanding the Health Department's use of epidemiological data to improve health outcomes, reduce health disparities and enhance program effectiveness within the County as well as enhancing the Health Department's capability to meet the growing Population Health needs of the community. These positions will improve the Health Department's capacity to prevent and control infectious diseases as well as develop the 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 813 individuals on the priority 1 waitlist. Funding in the amount of $1.00 million and 9/9.0 FTE positions, partially offset by $0.40 million in revenue, has been identified to serve the newly eligible individuals.

Department of Neighborhood and Community Services

School Readiness

An increase of $10.00 million is identified for the next phase of School Readiness funding. 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 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 and expanding the early childhood mental health consultation initiative.

School-Age Child Care (SACC) Rooms

Funding of $1.50 million and 8/6.4 FTE positions have been identified to support new SACC rooms at Clearview Elementary School and North West County Elementary School which opened in FY 2021, but funding was deferred since Fairfax County Public Schools (FCPS) is currently not operating a traditional in-person school day. Funding for these rooms will be dependent on the FCPS operating schedule and may be included at a quarterly review. Additionally, funding is needed for the new SACC centers at Sully Community Center and Lorton Community Center which are both anticipated to be completed in FY 2023. The expenditure increase would be partially offset by $1.16 million in revenue for a net impact to the County of $0.34 million. It should be noted that the current sliding fee scale will be reviewed to ensure the program is serving children equitably across the fee scale. Any adjustments may impact cost recovery.

Opportunity Neighborhoods

Funding of $0.38 million and 1/1.0 FTE position will support the continued expansion of Opportunity Neighborhoods (ON) into the Centreville/Chantilly area of Human Services Region 4. 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.

Lorton Community Center

The new Lorton Community Center will serve the Lorton/Newington/Fort Belvoir areas and will provide an array of services, programs, and activities for individuals of all ages and abilities. The facility is currently scheduled to open in FY 2023. Funding of $1.20 million and 9/8.5 FTE positions is required to operate the new-multi-service center. One-time costs will be funded at a quarterly review.

Full-Year Funding for Sully Community Center

The new Sully Community Center will serve the Chantilly/Centreville/Oak Hill areas and will help provide equitable access to health services and recreational opportunities for individuals of all ages. Partial year funding for the new Sully Community Center was included in the FY 2022 Adopted Budget Plan to allow for the facility to open in the last quarter of FY 2022. Full year funding of $0.80 million is required in FY 2023.

Expansion of Boys & Girls Club Youth Programming

Funding of $0.25 million is required to expand the Boys & Girls Club of Greater Washington's out-of-school time programming to the Annandale, Culmore, and Herndon areas of the County. The clubs will provide an array of out-of-school time programming opportunities. Programs and services will be offered to youth who are particularly low-income, of color, and at-risk; including those at risk of not completing school, becoming involved with the juvenile court systems, using drugs and/or alcohol, becoming sexually active at an early age, and becoming a member of a gang with resulting involvement in delinquent behavior.

Parks and Libraries

Park Authority

Operations and Maintenance

Funding of $1.40 million is identified for Park operations and maintenance throughout the Park system. Funding is primarily required for forestry operations including contracted arboreal work to respond to tree complaints promptly, as well as ADA accommodations and other maintenance at park facilities.

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 $1.15 million and 12/9.0 FTE new positions are identified for phase one of a three-phase plan to make regional and community library branch hours consistent. This funding, which was originally included in the FY 2021 Advertised Budget but was deferred in response to the COVID-19 pandemic, will 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.

Community Development

Transportation

The Washington Metropolitan Area Transit Authority (WMATA) has applied federal stimulus funding toward its FY 2021 and FY 2022 Operating Budget. The County received a portion of this funding in the form of a one-time credit to its operating subsidy requirement for FY 2021, and an additional one-time credit is anticipated as part of ongoing WMATA Board of Directors discussions for FY 2022. A placeholder of $24.00 million has been included in FY 2023 for transportation requirements. This recognizes the need for recurring baseline funding including Phase 2 of the Silver Line; support for operating costs previously funded with one-time federal stimulus monies, available State Aid and Gas Tax funds; and support for Connector bus fleet replacement reserves.

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 was proposed to increase funding allocated to this purpose. When combined with existing revenue, this would have resulted in one and a half cents on the Real Estate Tax dedicated for the preservation and development of affordable housing. While this proposal was not implemented as a result of the COVID-19 pandemic in FY 2021 or FY 2022, it is anticipated that it will be considered again in FY 2023 as affordable housing remains one of the County's highest priorities. From FY 2006 through FY 2021, the Affordable Housing Development and Investment Fund provided a total of $277.9 million for affordable housing in Fairfax County.

Cost of County Operations

Board Office Support

An increase of $1.05 million is identified in the Board of Supervisors, reflecting an increase of $100,000 in each of the nine district offices and $150,000 in the Chairman's Office for additional office support. This funding was originally included in the FY 2021 Advertised Budget but was deferred in FY 2021 and FY 2022 in response to the COVID-19 pandemic.

Information Technology

Funding of $10.00 million is identified to support the multi-year implementation of 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.

Next Steps in the Multi-Year Process

Balancing the FY 2023 Budget

Although the revenue projections and inventory of disbursement priorities included above set the stage for the FY 2023 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 2023 and FY 2024 Multi-Year Budget, others will require policy decisions to be made. Adjustments to develop a balanced FY 2023 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 2023 budget forecast presents a challenging picture as a result of projections that the County will experience constrained revenue growth as the economy recovers from the impacts of the COVID-19 pandemic. The disbursement increases that could be accommodated within the projected revenue growth are limited and would not address most of the 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 2023 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 2023 and which items to exclude or delay until FY 2024 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 2023. The FY 2023 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 6.93 percent, and total disbursements are shown to exceed available resources. The FY 2023 projection will be refined over the coming year, and the FY 2023 Advertised Budget Plan, when presented to the Board of Supervisors, will be balanced.

MULTI-YEAR BUDGET
FY 2018-2023
(in millions)

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Revised	FY 2022 Adopted	FY 2023 Projected	Inc/(Dec) Over FY 2022	% Inc/(Dec) Over FY 2022
Beginning Balance	**$212.81**	**$234.06**	**$268.48**	**$450.48**	**$182.58**	**$182.58**	**$0.00**	**0.00%**
Revenue								
Real Property Taxes	$2,651.84	$2,796.96	$2,898.13	$3,003.12	$3,047.96	$3,128.27	$80.31	2.63%
Personal Property Taxes	411.12	421.83	441.67	431.13	442.81	454.58	11.78	2.66%
General Other Local Taxes	526.92	528.25	535.82	522.67	525.81	539.50	13.69	2.60%
Permit, Fees & Regulatory Licenses	52.72	55.87	54.00	50.23	52.44	55.06	2.62	5.00%
Fines & Forfeitures	12.18	12.26	10.00	5.35	8.73	9.60	0.87	10.00%
Revenue from Use of Money & Property	43.52	71.18	66.20	24.26	14.97	14.97	0.00	0.00%
Charges for Services	82.47	85.48	70.11	32.82	57.10	70.40	13.29	23.28%
Revenue from the Commonwealth	305.49	307.42	308.77	312.02	312.96	312.96	0.00	0.00%
Revenue from the Federal Government	42.58	43.97	246.97	151.46	40.02	40.02	0.00	0.00%
Recovered Costs/Other Revenue	17.41	18.61	15.49	14.44	15.53	15.53	0.00	0.00%
Total Revenue	**$4,146.27**	**$4,341.83**	**$4,647.16**	**$4,547.50**	**$4,518.32**	**$4,640.88**	**$122.56**	**2.71%**
Transfers In	**$10.07**	**$10.17**	**$9.08**	**$8.71**	**$9.00**	**$9.00**	**$0.00**	**0.00%**
Total Available	**$4,369.15**	**$4,586.05**	**$4,924.72**	**$5,006.70**	**$4,709.90**	**$4,832.46**	**$122.56**	**2.60%**
County Disbursements								
County Debt Service	$146.04	$147.05	$131.76	$131.04	$131.32	$135.01	$3.69	2.81%
Capital	50.69	51.06	39.12	47.92	18.68	28.68	10.00	53.54%
Contributories/Grants	18.90	20.08	19.05	19.70	18.93	18.93	0.00	0.00%
Legislative-Executive Functions/ Central Services	147.73	171.20	156.06	176.11	156.19	170.83	14.64	9.37%
Judicial Administration	39.40	41.60	42.84	45.33	47.52	48.80	1.28	2.70%
Public Safety	480.52	505.14	512.65	548.49	549.87	574.61	24.74	4.50%
Public Works	76.47	78.45	73.73	84.17	82.07	83.18	1.11	1.36%
Health and Welfare	452.86	468.83	467.46	497.40	505.63	535.85	30.22	5.98%
Parks and Libraries	53.76	55.67	54.27	60.33	58.39	64.75	6.37	10.91%
Community Development	134.60	151.98	139.13	168.59	161.22	188.39	27.17	16.86%
Nondepartmental (Fringe Benefits)	375.14	391.53	453.19	672.43	414.65	442.37	27.72	6.69%
Subtotal County	**$1,976.11**	**$2,082.60**	**$2,089.26**	**$2,451.51**	**$2,144.45**	**$2,291.40**	**$146.95**	**6.85%**
Schools Transfers								
School Operating	$1,966.92	$2,051.66	$2,136.02	$2,143.32	$2,172.66	$2,333.70	$161.04	7.41%
School Construction	13.10	15.60	13.10	13.10	13.10	13.10	0.00	0.00%
School Debt Service	189.13	193.38	197.98	198.18	197.12	199.37	2.25	1.14%
Subtotal Schools	**$2,169.15**	**$2,260.64**	**$2,347.10**	**$2,354.60**	**$2,382.88**	**$2,546.17**	**$163.29**	**6.85%**
Reserve Contributions	**$24.26**	**$10.48**	**$37.88**	**$18.01**	**$0.00**	**$19.80**	**$19.80**	**-**
Total Disbursements	**$4,169.52**	**$4,353.72**	**$4,474.24**	**$4,824.12**	**$4,527.33**	**$4,857.37**	**$330.04**	**7.29%**
Total Ending Balance	**$199.63**	**$232.33**	**$450.48**	**$182.58**	**$182.58**	**($24.91)**	**($207.48)**	**(113.64%)**
Less:								
Managed Reserve	$126.03	$168.04	$184.89	$182.58	$182.58	$195.78	$13.20	7.23%
Other Reserves	0.12	1.56	149.31	0.00	$0.00	0.00	0.00	-
Total Available	**$73.48**	**$62.73**	**$116.29**	**$0.00**	**$0.00**	**($220.68)**	**($220.68)**	**-**